

12. EXECUTIVE SUMMARY OF THE THREE-YEAR BUSINESS DEVELOPMENT PLAN

(Prepared for inclusion in the Prospectus)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

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Dear Sirs

Three-Year Business Development Plan of SCAN Associates Berhad

This is a summary of the Three-year Business Development Plan of **SCAN Associates Berhad** (herein, together with its subsidiaries will be referred to as **SCAN Group**) prepared by Vital Factor Consulting Sdn Bhd for inclusion in its Prospectus for its listing on the MESDAQ market.

1. BUSINESS INTENT

1.1 Overall Business Intentions

- SCAN Group's business vision is "To become a world class **ICT Security Solutions Provider**".
- In line with its business vision, SCAN Group's business intentions are as follows:

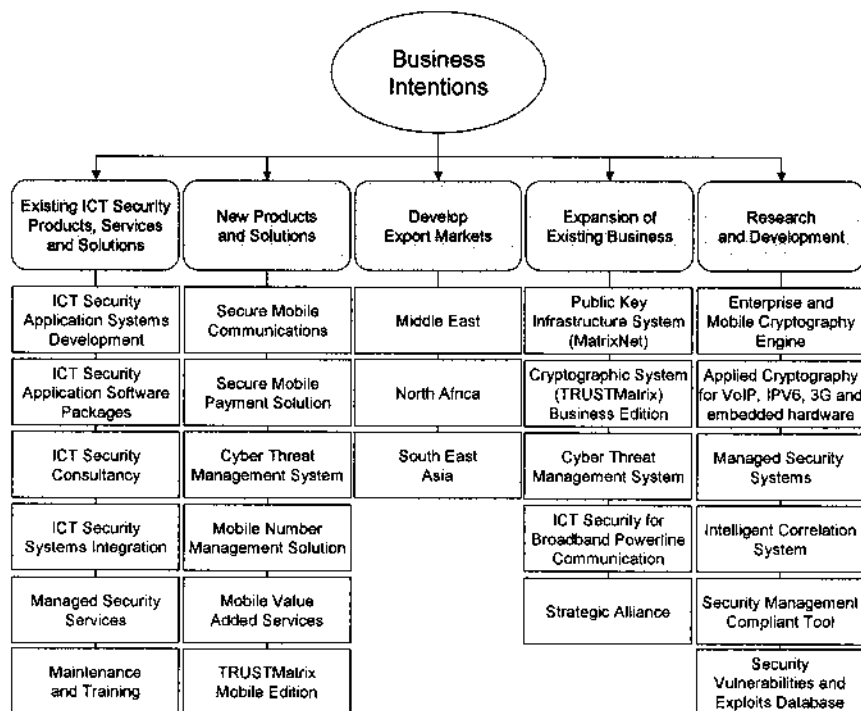


Figure 1 SCAN Group's Overall Business Intentions

12. EXECUTIVE SUMMARY OF THE THREE-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)**VITAL FACTOR CONSULTING**

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- SCAN Group's overall business intentions is as follows:
 - continue to drive its business from its existing portfolio of products, services and solutions;
 - develop and market new and enhanced products, services and solutions to provide business growth;
 - Venture into new export markets to provide the next platform of business growth
 - Expansion of existing business
 - To provide a wider range of services to new and existing customers
 - Develop cooperative strategy primarily in the form of strategic alliances with synergistic companies, which offer competitive edge in technology and market presence
 - Undertake research and development to sustain competitive advantages through the following:
 - development of new products, services and solutions;
 - applications of new and innovative technologies;
 - development of new tools and expertise to provide the basis for creating innovative products, services and solutions.

1.2 Existing ICT Security Products, Services and Solutions

- To provide business sustainability and growth, SCAN Group will continue to provide existing products, services and solutions.
- The existing products, services and solution platforms will provide SCAN Group with the track record and cashflow to develop and market new products, and to enter new markets.
- The following six areas will continue to be marketed:

ICT Security Application Software Products;

- Network Monitoring System
- Intrusion Detection System
- Web Integrity Checker
- Vulnerability Scanning System
- Intrusion Monitoring System
- Firewalls
- Honeypots

ICT Security Applications Software Packages;

- Cryptographic Software – TRUSTMatrix
- Public Key Infrastructure System – MatrixNet

ICT Security Consultancy;

- ICT Security Policies and Framework Development
- Business Continuity Management
- ICT Security Posture Assessment
- ICT Risk Assessment
- ICT Security Incident Response
- Preparation for ICT Security Professional Certification for Organisations

12. EXECUTIVE SUMMARY OF THE THREE-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)**VITAL FACTOR CONSULTING**

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- Enterprise Systems Control
 - Project Risk Management
 - ICT Security Systems Integration;
 - Provision of Managed Security Services;
 - Provision of Maintenance and Training Services.
- As part of SCAN Group's intention to stay ahead of its competitors, it will continually develop new and enhanced products, services and solutions to provide sustainability and growth for the business.

1.3 New Products and Solutions

- To ensure business growth, SCAN Group will develop new products for commercialisation. Three products have been targeted to be developed for near-term commercialisation:
 - Secure Mobile Communications
 - Secure Mobile Payment Solution (SCAN Certipay)
 - Cyber Threat Management System
 - Mobile Number Management Solution
 - TRUSTMatrix Mobile Edition

Secure Mobile Communications

- SCAN Group intends to develop Secure Mobile Communications Solutions targeted at mobile users. High priority areas are those that are related to security and law enforcement agencies.
- The large cellular subscriber base in Malaysia and in many overseas countries would provide a robust industry to support communications security for cellular phones, personal digital assistant (PDA) and other devices.
- In addition, the roll-out of third generation (3G) cellular communications providing broadband wireless services would further increase the use of data communications on top of voice communications.
- The increasing usage and applications of cellular networks for voice, sound, data and image are attracting unauthorised parties to tap into these wireless networks because of the minimal security implemented.
- The ever increasing use of wireless networks on mobile devices will provide opportunities for SCAN Group and will represent the next area of growth for the company.
- Areas of development for Secure Mobile Communications are as follows:
 - Development of SCAN Cryptophone
 - Development of Virtual private Network (VPN) (Gateways and Clients)
 - Public Switched Telephone Network (PSTN)/Integrated Services Digital Network (ISDN) Encryption
 - Deploy Satellite Communication
 - SCAN Group own hardware design.

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Secure Mobile Payment Solution

- SCAN Intend to develop solutions for mobile payment such as for banking transactions, ticketing, media and advertising, and business to business transactions. This will be called SCAN Certipay.
- Payments made through mobile phones are pervasive and are normally linked to bank accounts.
- To ensure payment transaction safety and integrity, the mobile phone will become an authorisation tool with built-in solution incorporating an advanced fraud system to detect anomalies.

Cyber Threat Management System

- Scan Group intends to develop several tools and solutions for the Cyber Threat Management System as follows:
 - Automated Vulnerability Assessment Tool Appliance (vBOX)
 - Secure Web Portal Solution
 - Extrusion Detection System
- vBOX is designed as an alternative solution for Security Posture Assessment (SPA) service provided by the industry. vBOX performs periodic security assessment from the box installed at the client's network to scan vulnerabilities in the system and to provide immediate report to its user.
- Secure Web Portal is a solution that incorporates multi-level authentication and authorisation security. The main feature comprises support for any authentication standards such as digital certificate and OpenPGP format, personalise level of access for each end-user using this portal, and supports data encryption for designated portal content.
- Extrusion Detection System prevents, detects and mitigates security breaches within its environment. As such, it will assess threats from internal users, interrogate networks to detect anomalies in outgoing traffic, take into consideration of the architecture of networks to resist internal attacks, and respond effectively when attacks occur.

Cryptographic System (TRUSTMatrix) Mobile Edition

- Scan Group intends to develop an application product called TRUSTMatrix Mobile Edition.
- The main objective of TRUSTMatrix Mobile Edition is similar to the TRUSTMatrix Business Edition, which is a scalable, and reliable encryption solution that addresses a company's security needs. It protects data and information privacy with less complexity of the Public Key Infrastructure (PKI) based solutions. At the same time, it complements any existing PKI solutions.

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- TRUSTMatrix Mobile Edition is used on mobile devices such as PDA rather than on workstations.
- The following are the security features of the TRUSTMatrix Mobile Edition:
 - *E-mail Security*, provides e-mail encryption solution for privacy.
 - *File Encryption*, provides file and data encryption on the device to prevent and protect information against unauthorised access.
 - *Secure Web Access*, provides a secure communications over the public network such as the Internet
 - *3G Secure Payment Application*, provides secure payment solution over Third generation (3G) mobile networks
 - *Support Elliptic Curve Cryptography Technology*, supports Elliptic Curve Cryptosystem.

Mobile Number Management Solution

- SCAN intends to develop Mobile Number Management Solution for Mobile Phone operators. This will allow them to distribute mobile starter packs without assigning mobile numbers in advance.
- The mobile numbers are assigned at the point-of-sale whereby subscribers are able to choose from a list of available numbers.
- The technologies used in this solution are Web-based, Wireless Application protocol (WAP), Java 2 Platform Micro Edition (J2ME) and Subscriber Identity Module (SIM) Toolkit (STK).
- All mobile numbers are centralised in a master database, which includes mobile numbers for pre-assigned prepaid and postpaid SIM.

Mobile Value Added Services

- Scan intends to develop Mobile Value Added Services for the following:
 - Location Base Services
 - Prepaid Callback Service.
- The Location Base Service enables tracking of subscribers' physical location or movement within the coverage area in real-time. This is achieved through using Triangulation Estimation, Enhance Observed Time Difference or Global Positioning System.
- The Prepaid Callback Service enables prepaid users to revert their call charges to the call recipient or to a consent third party number even when the user has no more credit value.

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1.4 Develop Export Markets

- SCAN Group is developing two new markets in the near-term:
 - Middle East
 - North Africa.
- SCAN Group will also continue to expand its market presence in South East Asia.
- One of the main areas of expansion is to convert SCAN Group's products and solutions into Arabic language and customise them for the Middle East and North Africa markets especially Saudi Arabia and Sudan.
- SCAN Group will be marketing its full portfolio of products, services and solutions in Saudi Arabia and Sudan. Some of these include the following:
 - Cryptography Products
 - Security Consultancy
 - Security Software Development.
- In addition, through partnership with local businesses, SCAN Group may set-up joint-venture companies to provide ICT Security Services, including, among others the following:
 - Provide Managed Security Services;
 - Build and operate Security Operations Centre;
 - Establish Forensic Crime Centre;
 - Develop ICT Security solutions for Electronic Government initiatives;
 - Implement Public Key Infrastructure Solutions.
- To-date, SCAN Group has signed various memorandums of understanding and commercial agreements to start providing ICT products, services and solutions to Saudi Arabia and Sudan.

1.5 Expansion of Existing Business

- SCAN Group intends to expand some of its current services as follows:
 - Public Key Infrastructure System – MatrixNet
 - Cryptographic System (TRUSTMatrix) Business Edition
 - Cyber Threat Management System
 - ICT Security for Broadband Powerline Communication
 - Strategic Alliance
- **Public Key Infrastructure System – MatrixNet**

Scan Group intends to enhance the security features and usability of its PKI solution. The intended enhancement of MatrixNet includes the following:

 - Development of PKI payment system and authorisation system for mobile applications based on 3G technology.
 - Development of PKI-enabled Digital Rights Management (DRM) application for protecting digital content.

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- Provide real-time certificate validation via Online Certificate Security Protocol (OCSP).
 - Develop Digital Time Stamping Solution for issuing secure time stamping services.
- **Cryptographic System (TRUSTMatrix) Business Edition**

SCAN Group intends to enhance TRUSTMatrix Business Edition with additional applications and new security features as follows:

- Support Customer Relations Management (CRM) and Enterprise Resources Planning (ERP) applications
- Develop proxy-based secure delivery application
- Develop Voice over Internet Protocol (VoIP) applications
- Support database encryption
- Support Web applications Thunderbird and FireFox
- Support for Federated Identity Management standard
- Develop Digital Right Management application

- **Cyber Threat Management System**

SCAN Group intends to expand Managed Security Services solution by incorporating two components called Cyber Threat Management System.

The Cyber Threat Management System includes the following components:

- Intrusion Prevention System (IPS)
- Passive Scanning System
- Intelligent Correlation System (include correlation engine, collector engine, processing engine, data warehousing and analysis capability)
- Honeynet System

The Honeynet system is a group of honeypots used for monitoring a larger and/or more diverse network where one honeypot may not be sufficient. Honeynet systems and honeypots are usually implemented as parts of larger network intrusion-detection systems.

- **ICT Security for Broadband Powerline Communication**

Broadband over Power Lines (BPL) is the use of Powerline Communications (PLC) technology to provide broadband Internet access through ordinary power lines.

BPL offers obvious benefits over regular cables, telephone line or digital subscriber line connections whereby the extensive existing powerline infrastructure would allow more people in more locations to have access to the Internet.

In addition electronic devices, such as IP based surveillance camera, televisions or sound systems and other IP enabled devices are able to be connected through the normal power line for data communications.

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- **Strategic Alliance**

In order to extend its product and services portfolio, Scan Group intends to actively seek out and form strategic alliances with other companies that offer competitive edge technology and products, and market presence. Target companies are not limited to ICT security companies but also ICT and non-ICT companies that have products or services that can enhance with good ICT security. Amongst others, the identified areas for strategic alliances include broadband powerline communication (BPLC) and secure messaging. This is where SCAN Group can use its expertise to further develop and enhance the targeted companies' software, as well as utilise its marketing strengths to sell their products locally and overseas. Strategic alliances would take various forms including among others, collaboration, business partnerships, joint-ventures and acquisition.

1.6 Research and Development

- One of the core activities of SCAN Group is Research and Development (R&D). This is because ICT is constantly evolving and perpetrators are constantly using new and innovative tools, technologies and means to fulfil their malicious activities.
- In addition, technologies and products are constantly being updated improved, and introduced. As such, these products and technologies would result in the discovery of new vulnerabilities SCAN Group must develop solutions to address these vulnerabilities.
- As such SCAN Group will undertake significant R&D on a continuous basis in the following areas:
 - Enterprise Cryptography Solution
 - Applied Cryptography for VoIP, Internet Protocol version 6 (IPv6), Third Generation Mobile Communications (3G), and embedded software
 - Managed Security Services
 - Intelligent Correlation System
 - Development of Security Management Compliant Tool
 - Security Vulnerabilities and Exploits Database
- In order to enhance its Enterprise Cryptography Solution and develop new secure mobile communications products as explained in previous sections, SCAN Group will conduct rigorous R&D activities.
- Applied Cryptography for VoIP, IPv6, 3G, and embedded software focuses on the development of cryptography applications using these technologies and suitable generic cryptography protocols for the respective target platform. This research is mainly the key to enable security services to be integrated seamlessly with business applications.

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- R&D in Managed Security Services includes the following:
 - New Intelligent Correlation Engine for Enterprise Managed Security Services;
 - Advanced Perimeter Management such as anti-virus and content filtering;
 - Patch management.

These represent large markets that SCAN Group intends to exploit to ensure continuing growth and business success.

- Intelligent Correlation System focuses on extending the capability to correlate information from various security logs at their respective security devices and to process the information according to some correlation rules or policy.
- Some of the rationales for developing Security Management Compliant Tools are as follows:
 - Assist IT department on security compliance based on ISMS requirements (ISO 17799 standard);
 - It tracks planning, implementation, compliance report status, and automated management reporting.
- One of SCAN Group's R&D roles is to focus on discovering new security exploitation and vulnerabilities in the current technology. These discoveries are then updated on the database. This database becomes an important tool for vulnerability assessment to identify security flaws and vulnerabilities that external party products cannot detect.

1.7 Business Intention Milestones

The following table indicates the expected timing for implementation of the future plans of SCAN Group:

Business Activities	Year of Implementation			
	2006	2007	2008	2009
New Product and Solutions				
Secure Mobile Communications				
- Development of SCAN Cryptophone with Secure SMS Solution	√			√
- SCAN Cryptophone with Secure Voice Encryption	√	√		
- SCAN Cryptophone with Secure VoIP		√	√	
- SCAN Cryptophone with Enterprise Secure Communication Server		√	√	√
Secure Mobile Payment Solution				
- Peer-to-peer Mobile-ATM Banking	√		√	
- Mobile Ticketing, Media & Advertising		√	√	√
- Mobile Payment for Merchant-to-Merchant		√	√	√
Cyber Threat Management System				
- vBOX, Automated Vulnerability Assessment Tool Appliance	√		√	
- Secure Web Portal Solution	√			

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Business Activities	Year of Implementation			
	2006	2007	2008	2009
- Extrusion Detection System		√		√
Mobile Number Management Solution				
- Prepaid provisioning & reloading	√	√		
- Local number portability		√		
Mobile Value Added Services				
- Location Base Services			√	
- Prepaid Callback Services				√
TRUSTMatrix® Mobile Edition				
- E-mail Security & File Encryption for Microsoft Windows Mobile 5 Operating System	√	√	√	√
- Secure Delivery Application for Microsoft Windows Mobile 5 Operating System		√		√
- Support Symbian Mobile Operating System		√	√	√
- Enterprise Secure Rights Messaging Server for 3G Phone		√	√	
Develop Export Markets				
Middle East	√			
North Africa	√			
South East Asia	√			
Expansion of Existing Business				
MatrixNET (Enterprise PKI)				
- Automatic Digital Certificate Enrolment	√	√		√
- Multi-purpose Application Smartcard		√	√	
- Digital Time-stamping Service	√	√		
- Secure Delivery Application		√	√	
- Rights Management & Encryption Application for Mobile		√	√	
- Support Federated Identity Management for Desktop & Mobile		√	√	√
TRUSTMatrix® Business Edition				
- Gateway Signing Server	√			
- Enterprise Rights Management (ERM) – SCAN rightica	√	√		√
- Information Lifecycle Management (ILM)		√	√	
- Support Federated Identity Management		√	√	
- Support Thunderbird E-Mail, FireFoxand Linux OS		√	√	
- Database Security		√		√
Cyber Threat Management System (Part of MSS)				
- Intrusion Prevention System	√		√	√
- Passive Scanning System	√		√	
- Vulnerability Management System		√		
- Security Business Intelligent System		√	√	√
ICT Security on Broadband Powerline Communication				
- Security Monitoring Centre & Network Monitoring Centre	√			
- Services enhancement and capacity upgrading		√	√	√
Strategic Alliance	√			

12. EXECUTIVE SUMMARY OF THE THREE-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

Business Activities	Year of Implementation			
	2006	2007	2008	2009
Research and Development				
- Enterprise & Mobile Cryptography Engine		√	√	√
- Applied Cryptography for VoIP, IPv6, 3G, and embedded software		√	√	√
Managed Security Services		√	√	√
- Advance Perimeter Management				
- Active Monitoring				
- Advanced Correlation Engine				
Intelligent Correlation System (including correlation engine, collector engine, processing engine, and data warehousing and analysis capabilities)		√	√	√
Development of Security Management Compliant Tool	√		√	
Security Vulnerabilities and Exploits Database	√	√	√	√

Note: Multiple years of implementation is to indicate implementation of enhanced versions of the solution over time.

Figure 2 Future Plans Milestone**2. PRODUCT DEVELOPMENT PHILOSOPHY**

- SCAN Group's product development is guided by the following philosophies:
 - Products and services are to be ICT Security based in line with its core competencies and synergistic to its existing products and services;
 - Consultancy services will continue to be a core part of its service portfolio maximising from its large pool of in-house ICT Security expertise;
 - Through R&D, SCAN Group continues to improve existing and develop new products and services to keep up with technological and product changes to meet customers' needs.
- The implications of these three guiding philosophies are as follows:

Products and services are to be ICT Security based

SCAN Group is mindful of the need to create and sustain a strong market reputation and track record as a provider of ICT Security products, services and solutions. As such, SCAN Group's future business development effort will continue to focus in this area of its core expertise.

This product and service development philosophy would ensure that the Group continues to leverage from its existing strengths and will continue to grow the business in the area of its core competencies.

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Consultancy services will continue to be a core part of its service portfolio

One of SCAN Group's competitive advantages is its large pool of ICT Security personnel. This has allowed SCAN Group to develop new products and provide innovative services. In addition, ICT Security is a highly specialised area where there are differing needs across different organisations. As such, ICT Security consulting services will continue to be an important revenue generator. More importantly, ICT Security consulting is also the precursor to other ICT Security products and services.

As such, SCAN Group's products and services development philosophy will continue to leverage on consulting services.

Continue to improve existing products and services through R&D

ICT Security is typified by rapid technological and product changes. Unless SCAN Group continues to innovate and keep-up with technological and product changes, it will become irrelevant.

In conclusion, R&D will continue to play a key role in SCAN Group's product and services development. R&D will ensure existing products and services offered by the Group continue to be relevant. In addition, R&D will propel the Group to develop new products, services and create new market opportunities.

3. VALUE OF PRODUCTS AND SERVICES

- The value of SCAN Group's products, services and solutions lies in three main areas:
 - Creation of indigenous products, services and solutions and continuing enhancement;
 - Application of ICT and Cryptography Technologies;
 - Critical function to businesses, government and community.

Creation of Indigenous Products, Services and Solutions, and Continuing Enhancement

- One of the highest values of SCAN Group's products, services and solutions is that its in-house employees create them all from scratch.
- In addition, as inputs are mainly intellectual, the resultant value adding of its final products, services and solutions is very high.
- As an example, SCAN Group's Cryptoengine, which is a knowledge-based product that is the core for all Cryptographic products, were capitalised at RM3 million based on the total development cost incurred.

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- The value of its products, services and solutions is further enhanced by the fact that SCAN Group owns the intellectual property rights for all its products, services and solutions.
- The value of SCAN Group's products, services and solutions are the results of contribution from the following, among others:
 - Research and development
 - Knowledge database of threats and vulnerabilities
 - Database of patches
 - Skills and expertise in ICT Security
 - Skills and expertise in developing ICT Security software
 - Skills and expertise in operation systems, communications technologies, databases, interfaces and the Internet
 - Understanding customer requirements and creating solutions to meet their needs.

Application of ICT, Security and Cryptography Technologies

- The value of SCAN Group's products, services and solutions also lie in the use of ICT, Security and Cryptography technologies.
- The following provides substantiation that SCAN Group's use of leading-edge and innovative technologies in its products, services and solutions:
 - Use of encryption and decryption technologies, for example:
 - . 128-bit to 4,096-bit encryption
 - . Symmetric and Asymmetric key algorithms
 - . Hash algorithms
 - . Standard public key formats; OpenPGP RFC 2440 and X.509 format
 - . SCAN Group's Cryptoengine

The use of encryption and decryption technologies enables businesses, government and the community to have assurance of the security and confidentiality of their information.

- Use of Internet technologies. The Internet is a relatively new phenomenon within the ICT industry and is constantly evolving. To keep abreast of developments within the internet community SCAN Group needs to constantly use leading-edge internet technologies to ensure relevance. Among others, this include following technological trends including languages (example, Java, HTML, XML) and access (example broadband wireless).
- Use of new languages and development tools to increase productivity and address new areas of growth and opportunities, for example, using Java, C and C++ Languages to develop applications.

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- Use of open source technologies to develop software or computer applications allow saving at a lower cost compared to proprietary technologies.
- The need to constantly keep up with technological innovations is primarily dictated by fast-moving nature of the ICT industry in general and the ICT Security Industry in particular, where for some, product obsolescence is measure in months rather than years or decades compared to other industries.
- Even for services, SCAN Group needs to constantly update itself to ensure it considers latest developments in methodology, technologies and processes to optimise its delivery of solutions to businesses and organisations.
- There is no doubt that the value of ICT Security products, services and solutions are high from the perspective of using innovative and advanced technologies.

Critical Function to Businesses, Government and Society

- SCAN Group's products, services and solutions are critical to the country as Malaysia increases its dependency on information technology to run its business, the Government to run the country and the community to interact with businesses, government and socially.
- In an increasingly information driven society, information has become valuable assets. This means that the integrity and confidentiality of data are critical to many businesses, Government and other organisations.
- Combined with increasing connections within and outside of organisations, literary millions of on-line transactions are carried out every minute. As such, the protection of information either in electronic depositories or while in transit has become very important.
- Thus, the value of SCAN Group's products, services and solutions is very high to ensure the proper functioning of trade, commerce, government and society.

4. VALUE OF ACTIVITIES

- The value of the business activities of SCAN Group is high and is created through the following processes:
 - Knowledge and Technology based Products, Services and Solutions;
 - Research and Development;
 - Sales and Marketing;
 - Continuous process improvement;
 - Continuing people development.

Knowledge and Technology Based Products, Services and Solutions

- As a rule, there is very high value adding for operators within the ICT Security Industry.

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- This is because it is primarily the provision of high value services using technologies, innovations and knowledge-based skills to deliver solutions.
- For SCAN Group, all its business activities have very high value adding as it does not utilise or consume any physical resources for its products and services. It however, only utilise physical technological tools and human resources to deliver its products and services.

Research and Development

- The highest value adding undertaken by SCAN Group is research and development in the creation of new products, services and solutions, and the constant upgrading and improvement of existing products, services and solutions. This entails using relevant ICT to ensure products and services are contemporary and continue to meet customers' requirements.
- New products created through research and development would provide SCAN Group with the basis for continuing business growth and success.
- All the products, services and solutions currently sold by SCAN Group are a result of its own research and development. As such, there is no need to pay royalties or franchise fees.
- Future products will also be created through in-house research and development, without the need to licence any technologies or intellectual properties.

Sales and Marketing

- SCAN Group undertakes significant sales and marketing of its products and services.
- This value adding is further enhanced by SCAN Group undertaking most of its sales and marketing activities directly.
- This is in contrasts to being a contract manufacturer where requirements for sales and marketing activities are comparatively lower.
- In particular, creating brand equity for its corporate and brand names increase significantly the value of its business activities.
- SCAN Group has undertaken many promotional programmes to increase its brand equity, representing high value of its business activities. Some of these promotional programmes include the following:
 - Organising, sponsoring, participating and speaking in ICT Security exhibitions, seminars and conferences;
 - Publishing articles on ICT Security and related issues in ICT magazines, journals and websites;
 - Organising, competing and winning in 'Hackers Competition', a key event in the ICT Security Industry;

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- Provide advice to various Government sectors on ICT Security;
 - SCAN Group's ICT Security advisory group often looks into any actual and potential vulnerabilities in popular systems and will publish their findings;
 - Continuing relationships with Universities and participating in ICT Security training programmes.
- Other promotional activities undertaken by SCAN Group aimed directly at existing and target customers include the following:
 - Customer appreciation day;
 - Monthly electronic newsletters;
 - Monthly customer roundtable discussion and networking;
 - Periodic seminars organised for potential customers.

Continuous Process Improvement

- The value of SCAN Group's products is also enhanced by the continuous improvement of its business and technical development processes.
- Some of these include adopting internationally recognised systems and processes including the following:
 - Compatibility Model for Software Development
 - BS7799 certification for Information Security Management System.
- Continuous process improvement enables SCAN Group to develop superior products, services and solutions that adds value to its clients' businesses.

Continuing Staff Development

- SCAN Group also undertakes significant and regular staff development sessions. This is done on periodic basis at least once in every two months.
- Areas of staff development include, among others, the following:
 - Motivational sessions relating to work
 - Sharing knowledge, ideas and best practices
 - Training of junior staff
 - On-the-job training.
- SCAN Group's continuous training of its staff is critical in providing high quality products and services to its clients. These training activities are high value activities as they facilitate development and provision of high value products, services and solutions.

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Creating Winning Business Solutions

5. RESEARCH AND DEVELOPMENT**5.1 On-Going Research and Development**

- Currently SCAN Group's Research and Development is focused on two key areas as follows:
 - SCAN Cryptography
 - SCAN Security Scanning and Vulnerability Management
- For SCAN Cryptography, SCAN Group's Research and Development is working on three parts as follows:
 - SCAN Cryptography Engine (SCE)
 - TRUSTMatrix Business Edition (BE)
 - MatrixNet PKI Solution

SCAN Cryptography Engine

SCAN Cryptography Engine is a library that provides security services such as encryption, digital signature, digital hashing and key management.

SCAN Group's Research and Development team is currently working on the engine to provide the following functions:

- Comply with international Cryptography Standards such as OpenPGP format and also X.509 standards.
- Increase symmetric encryption capabilities to 256-bit and 4,096-bit for asymmetric encryption.
- Support smartcard and USB token integration.

TRUSTMatrix Business Edition

TRUSTMatrix Business Edition is an applied cryptography application of SCAN Cryptography Engine. SCAN Enterprise Encryption Suite software enables organisation to share, exchange and store organisation's electronic information using TRUSTMatrix key management system. TRUSTMatrix key management is based on public-key cryptography algorithm and uses OpenPGP protocol as its standard.

SCAN Group's Research and Development team is currently enhancing on this Cryptography application to provide the following functions:

- Support Lotus Notes applications.
- Support open-source desktop applications such as Mozilla, Thunderbird and OpenOffice applications.
- Development of Secure Delivery module.


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MatrixNet PKI Solution

SCAN PKI solution is known as MatrixNet. It is a suite of PKI solution, which comprises Certificate Authority (CA), CA Admin Console, Registration Authority (RA) Module, Directory Server Interface module, and PKI Client Applications. MatrixNet solutions enable the organization to setup their own close enterprise PKI system within their organization.

SCAN Group's Research and Development team is currently developing new enhanced features for this solution as follows:

- Support multiple Certificate Authorities setup.
- Support to issue multi-purpose smartcard applications.
- Enable PKI services for TRUSTMatrix application.

As part of MatrixNet PKI Solution, SCAN Group's Research and Development team is also enhancing its Digital Time-Stamping Recording. It provides a solution for proof of existence of any type of digital data at a particular point in time by producing digital time-stamp certificate which is issued by Time Stamping Authority (TSA) using trusted time or clock.

In addition, SCAN Group's Research and Development team is also developing Role-Based Access Control System (RBAC) to accommodate both PKI and OpenPGP authentication technologies. RBAC is an authorisation technology for providing better granular of access management.

- SCAN Group's Research and Development team continuously improve on SCAN Security Scanning and Vulnerability Management tools. These tools are mainly use for internal security purpose. These tools are as follows:
 - Client Site Attack
 - Intelligent Brute Forcer
 - Auto Pen-Test Machine
 - Wireless attacks
 - Applications Auditing
 - Vulnerability Tools
 - Exploits.

5.2 Future Research and Development

- SCAN Group's technological expertise must be consistently be on par with intruders and competitor's technologies. Increase in competency in technological expertise will further increase competitive advantage over the competitors.
- SCAN Group has future plans to embark on Research and Development of new products and further improvement on existing products such as the followings:
 - Further improve SCAN Crypto Engine
 - Further improve TRUSTMatrix Business Edition
 - Further improve Internal Security Tools
 - Develop TRUSTMatrix Mobile Edition

12. EXECUTIVE SUMMARY OF THE THREE-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)**VITAL FACTOR CONSULTING**

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- Develop TRUSTMatrix Appliance
- Develop Intrusion Prevention System (a component of Cyber Threat Management System)
- Passive Scanning System (a component of Cyber Threat Management System)
- Correlation system (a component of Cyber Threat Management System) including the followings:
 - . Correlation engine
 - . Collector engine
 - . Processing engine
- Honeynet System (a component of Cyber Threat Management System)
- Advance Perimeter Management
- Applied Cryptography for certain Business Applications

SCAN Cryptoengine

SCAN Group's Research and Development plans to develop new supporting functions for the SCAN Cryptoengine in the future as follows:

- Support Elliptic-Curve Cryptography algorithms for mobile and wireless cryptography computing.
- Embed SCAN Cryptoengine into firmware as security appliance such as VPN.

TRUSTMatrix Business Edition

SCAN Group's Research and Development plans to develop new supporting functions for TRUSTMatrix in the future as follows:

- Integrate TRUSTMatrix solution into popular CRM and ERP applications.
- Development of TRUSTMatrix for mobile computing and also 3G mobile applications.
- Development of TRUSTMatrix application that is able to be integrated with VoIP applications.
- Support encryption for high-end database.

Internal Security Tools

Internal Security Tools will be consistently upgraded to handle any form of latest attacks in the computer network. SCAN Group's Research and Development team continuously improve on SCAN Security Scanning and Vulnerability Management tools. Such tools are as follows:

- Client Site Attack
- Intelligent Brute Forcer
- Auto Pen-Test Machine
- Wireless attacks
- Applications Auditing
- Vulnerability Tools
- Exploits

12. EXECUTIVE SUMMARY OF THE THREE-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)**VITAL FACTOR CONSULTING**

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TRUSTMatrix Mobile Edition

SCAN Group's Research and Development plans to develop new version of TRUSTMatrix which is called TRUSTMatrix Mobile Edition that has the following features:

- E-Mail Security
- File Encryption
- Secure Web Access
- 3G Secure Payment Application
- Support Elliptic Curve Cryptography Technology

Develop TRUSTMatrix Appliance

SCAN Group's Research and Development plans to develop new version of TRUSTMatrix in the future which is called TRUSTMatrix Appliance that has the following features:

- Virtual Private Network (VPN) Appliance
- Secure Delivery Gateway Appliance

Develop Intrusion Prevention System

SCAN Group's Research and Development plans to develop Intrusion Prevention System as a component of Cyber Threat Management System. The Intrusion Prevention System will have the following functions:

- System is capable of detecting and blocking on-going cyber attacks in real-time
- Allows normal traffic to continue to its intended destination in the event of an attack
- Transform organisations' networks from a potential weakness to a proactive deterrent
- Provides active protection against known and unknown attacks, viruses, and worms

Passive Scanning System

SCAN Group's Research and Development plans to develop Passive Scanning System (PSS) as a component of Cyber Threat Management System. The Passive Scanning System will have the following functions:

- Passive Scanning System monitors the network traffic at the packet layer to determine topology, services and vulnerabilities.
- The system operates continuously and non-intrusive at the background.
- Complements PSS through continuous update of organisations' network topology services and vulnerabilities.

12. EXECUTIVE SUMMARY OF THE THREE-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)**VITAL FACTOR CONSULTING**

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Correlation system

SCAN Group's Research and Development plans to develop Correlation System as a component of Cyber Threat Management System. The Correlation System consists of two main components as follows:

Advanced Correlation Engine

- . Analyses all attacks in real-time, linking events from multiple sources to identify persistent and related attempts.
- . Facilitates the reduction of false positives, which enables Security Analysts to focus on 'real'-threats.
- . Ability to identify subtle relationships of data from Intrusion Detection System (IDS) alerts, system and network information, vulnerabilities database and multiple types of devices.

Distributed Collector and Processing Engine

- . Regionally distributed collector engine reduces the time from detection and alerting, thus providing faster response to attacks for all sensors at the agencies.
- . Lightens the load on the central correlation engine by eliminating the need for it to process unimportant or localised events.
- . Conserves network bandwidth of the ICT Security Operations Centre (SOC) for critical and important data.
- . Important data will still be uploaded to the SOC for further processing, as well as trending and statistical analysis.

Honeynet System

SCAN Group's Research and Development plans to develop Honeynet System as a component of Cyber Threat Management System. The Honeynet System consists of three engines as follows:

- . A network of honeypots designed to interact with malicious hosts that attack the network and gather a wealth of data at each stage of interaction.
- . Honeynet is useful in researching new forensic techniques. Responding to compromised honeypots will provide a real world approach to evaluate new forensic techniques without the risk of damage to an actual criminal or administrative case.
- . The Honeynet will track all connections and real-time logs will be available to assist in identifying malicious or misconfigured machines that pose security risks .
- . Improves the accuracy of analysis and relevancy of CTMS system.

Advance Perimeter Management

SCAN Group's Research and Development team plans to develop Advance Perimeter Management as part of Managed Security system.

12. EXECUTIVE SUMMARY OF THE THREE-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)**VITAL FACTOR CONSULTING**

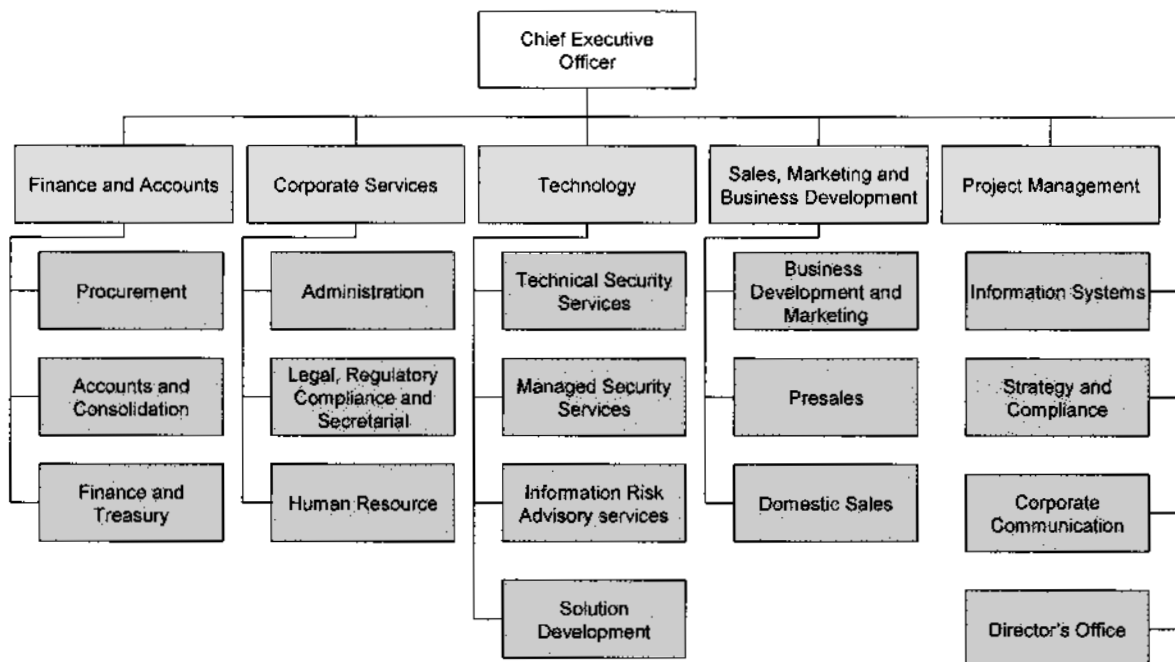
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Applied Cryptography for certain Business Applications

One of SCAN Group's Research and Development focuses is to develop cryptography applications for VoIP, IPv6, 3G and embedded software to be integrated seamlessly with certain Business Applications. The key to this research is to emphasise on security services within business applications.

6. ORGANISATIONAL STRUCTURE

- The organisational structure of SCAN Group upon listing will be as follows:

**Figure 3 Proposed Organisation Chart****7. HUMAN RESOURCES PLAN**

- The following provides SCAN Group's human resources plan between 2006 and 2009.

	Year ended 2006	Year ended 2007	Year ended 2008	Year ended 2009
Management				
- Senior Management	2	2	2	2
Project Management				
- Project Director	1	1	1	1

12. EXECUTIVE SUMMARY OF THE THREE-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)**VITAL FACTOR CONSULTING**

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	Year ended 2006	Year ended 2007	Year ended 2008	Year ended 2009
- Managers	9	10	10	10
- Executives	7	13	13	13
Corporate Support & Services				
- Head of Corporate Services (Secretarial, Legal & Regulatory)	1	1	1	1
- Head of Strategy & Compliance	1	1	1	1
- Head of Corporate Communications	1	1	1	1
- Executives	12	14	14	14
Sales and Marketing				
- Head of Domestic Sales	1	1	1	1
- Head of International Sales	1	1	1	1
- Manager	1	1	1	1
- Senior Executives	2	2	2	2
- Executives	3	3	3	3
Finance and Accounts				
- Head of Division	1	1	1	1
- Manager	1	1	1	1
- Senior Executive and Clericals	4	6	6	6
Human Resources				
- Senior Executive HR Administration	1	1	1	1
- Senior Executive HR Development	1	1	1	1
- Executives and Clerical	4	5	5	5
Administration				
- General Administration Personnel	9	9	9	9
Research and Development				
- Software Engineers	19	20	20	20
Knowledge Base and Technical				
- Head of Technology Unit	4	4	4	4
- Quality Assurance	5	6	6	6
- Consultants	41	47	49	51
- System Administrator	3	4	4	4
- System Engineer	10	10	10	10

12. EXECUTIVE SUMMARY OF THE THREE-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)**VITAL FACTOR CONSULTING**

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	Year ended 2006	Year ended 2007	Year ended 2008	Year ended 2009
- Software Engineer	16	16	16	16
- Software Architect	1	1	1	1
- Security Analyst	55	75	75	75
Total	217	258	260	262

Figure 4 Proposed Number of Employees for 2006 to 2009**8. REPORT QUALIFICATIONS**

In preparing this report, Vital Factor Consulting Sdn Bhd relied primarily on information furnished by the Directors and key Management of SCAN Group. No representations, expressed or implied are made of such information. Nevertheless, Vital Factor Consulting Sdn Bhd has obtained confirmation from the Directors and Management that all relevant material facts and information critical to the assessment have been disclosed to Vital Factor Consulting Sdn Bhd. The Directors and Management has also accepted responsibility for the accuracy and truth of the information provided and confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there are no facts or omission of which would render any information furnished to Vital Factor Consulting Sdn Bhd misleading. Wherever reasonable, Vital Factor Consulting Sdn Bhd has independently and objectively assessed the business and has undertaken due care and consideration to ensure that all information provided in this report are accurate and true and that there were no deliberate material omission of facts or information.

Yours sincerely

Wong Wai Ling
Director
Vital Factor Consulting Sdn Bhd