

# PROSPECTUS

## iDIMENSION

### IDIMENSION CONSOLIDATED BHD

(Company No. 925990-A)

(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

(I) PUBLIC ISSUE OF 38,230,000 NEW ORDINARY SHARES OF RM0.10 EACH ("SHARES") ALLOCATED IN THE FOLLOWING MANNER:

- 5,230,000 SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE EMPLOYEES AND BUSINESS ASSOCIATES WHO HAVE CONTRIBUTED TO OUR SUCCESS AND DEVELOPMENT;
- 28,000,000 SHARES MADE AVAILABLE FOR APPLICATION BY WAY OF PLACEMENT TO IDENTIFIED INVESTORS; AND
- 5,000,000 SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC

(II) OFFER FOR SALE OF UP TO 7,000,000 SHARES MADE AVAILABLE FOR PRIVATE PLACEMENT TO IDENTIFIED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.38 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

*PRINCIPAL ADVISER, SPONSOR, UNDERWRITER,  
AND PLACEMENT AGENT*

## OSK

**OSK Investment Bank Berhad** (14152-V)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THERE ARE CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER. TURN TO SECTION 5 HEREIN FOR "RISK FACTORS".

YOU ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK

THIS PROSPECTUS IS DATED 25 OCTOBER 2011

IDIMENSION CONSOLIDATED BHD (Company No. 925990-A)

PROSPECTUS

[www.idimensionsystems.com](http://www.idimensionsystems.com)

iDimension Consolidated Bhd.  
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47301 Petaling Jaya, Selangor, Malaysia.

T: +603 7880 5303 / 7880 6093  
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## **RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

OSK Investment Bank Berhad (14152-V) ("**OSK**"), being our Principal Adviser, Sponsor, Underwriter and Placement Agent acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Flotation Exercise.

## **STATEMENTS OF DISCLAIMER**

A copy of this Prospectus has been registered with the Securities Commission Malaysia ("**SC**"). The registration of this Prospectus should not be taken to indicate that the SC recommends the IPO or assumes responsibility for the correctness of any statement made, opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being issued/offered for investment.

The SC shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THIS INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS, OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR SHARES.**

Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the securities being issued/offered. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of the IPO, our company or our securities. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, together with the accompanying application form, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

## **OTHER STATEMENTS**

Companies listed on the ACE Market of Bursa Securities may have a limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, prospective investors should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to, among others, this Prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities professional/adviser.

This IPO is an exempt transaction under section 213 of the Capital Markets & Services Act 2007 ("**CMSA**") and is therefore not subject to the approval of the SC.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 236 of the CMA, e.g. directors and advisers, are responsible.

Our securities are classified as Shariah compliant by the Shariah Advisory Council of the SC ("SAC") based on the audited financial statements of our Company and our subsidiaries for the financial year ended 31 December 2009. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of the IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/ or other professional advisers as to whether the IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for the IPO would be in compliance with the terms of the IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted the IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

Neither us nor our Principal Adviser nor any other adviser in relation to the IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

## **ELECTRONIC PROSPECTUS**

The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same. This Prospectus can be viewed or downloaded from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com). You may also download a copy of the Electronic Prospectus from the websites of Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com), RHB Bank Berhad at [www.rhb.com.my](http://www.rhb.com.my), Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my), CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com) and CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my).

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you doubt the validity or integrity of an Electronic Prospectus, you should immediately request from us, or the Issuing House, a paper/ printed copy of this Prospectus. If there is any discrepancy arising between the contents of the Electronic Prospectus and the contents of the paper/ printed copy of this Prospectus for any reason whatsoever, the contents of the paper/ printed copy of this Prospectus, which is identical to the copy of the Prospectus registered with the SC, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way to the Third Party Internet Sites. Accordingly, we and our Principal Adviser are not responsible for the availability of, or the content or any data, information, file or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, file or other material provided by such parties; and
- (iii) any data, information, file or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus, which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracy, change, alteration, deletion or omission in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

**INDICATIVE TIMETABLE**

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The following events are intended to take place on the following indicative dates:

<b>Events</b>	<b>Date</b>
Issuance of Prospectus/Opening of applications for the IPO	<b>25 OCTOBER 2011</b>
Closing of applications for the IPO	<b>2 NOVEMBER 2011</b>
Balloting of applications	<b>4 NOVEMBER 2011</b>
Allotment of IPO Shares to successful applicants	<b>10 NOVEMBER 2011</b>
Listing date	<b>11 NOVEMBER 2011</b>

This timetable is indicative and is subject to changes which may be necessary to facilitate the implementation procedures. Our Directors and our Underwriter may mutually decide, at their absolute discretion, to extend the closing date and time for application of the IPO to any later date or dates.

Should the closing date of the application be extended, we will advertise a notice of the extension in widely-circulated English and Bahasa Malaysia newspapers prior to the original closing date of applications for the IPO. Following this, the dates for the balloting of applications for the IPO Shares, allotment of the IPO Shares and Listing would be extended accordingly.

All terms used are defined under the "Definitions" section commencing on page vii.

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## PRESENTATION OF INFORMATION

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All references to "iDimension" and "our Company" in this Prospectus are to iDimension Consolidated Bhd, references to "our Group" are to our Company and our subsidiaries taken as a whole and references to "we", "us", "our" and "ourselves" are to our Company and our subsidiaries, save where the context otherwise requires. Unless the context otherwise requires, references to "Management" are to our Directors and key management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Prospectus shall be reference to Malaysian time, unless otherwise specified.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Business and Market Research Consultants (named in this Prospectus). We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections, including the projections from the Independent Business and Market Research Consultants, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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## FORWARD-LOOKING STATEMENTS

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This Prospectus contains forward-looking statements. All statements other than those of historical facts included in this Prospectus, including, without limitation, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Some of these forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (a) demand for our products and services;
- (b) our business strategies;
- (c) plans and objectives of our Management for future operations;
- (d) our financial position; and
- (e) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) the economic, political and investment environment in Malaysia and globally; and
- (b) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 5 – "Risk Factors" and Section 12.3 – "Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects" of this Prospectus. Due to these and other uncertainties, we cannot assure you that the forward-looking statements included in this Prospectus will be realised.

The forward-looking statements in this Prospectus are based on information available to us as at the date of this Prospectus. You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Prospectus:

### Companies within our Group

"iDimension" or the "Company"	:	iDimension Consolidated Bhd (925990-A)
"iDimension Group" or the "Group"	:	iDimension and its subsidiaries
"iMSC"	:	iDimension MSC Sdn Bhd (684393-K)
"iMSC Singapore"	:	iDimension MSC Pte Ltd (200900632W)
"iSystems"	:	iDimension Systems Sdn Bhd (544362-U)
"OS Solutions"	:	OS Solutions Sdn Bhd (658311-X)

### Professionals

"Independent Business and Market Research Consultants" or "Vital Factor"	:	Vital Factor Consulting Sdn Bhd (266797-T)
"Issuing House" or "EQUINITI"	:	Equiniti Services Sdn Bhd ( <i>formerly known as MIDF Consultancy &amp; Corporate Services Sdn Bhd</i> ) (11324-H)
"Principal Adviser" or "OSK"	:	OSK Investment Bank Berhad (14152-V)
"Reporting Accountants" or "Grant Thornton"	:	Messrs SJ Grant Thornton (AF:0737)
"Solicitors" or "Tay & Partners"	:	Messrs Tay & Partners
"Solicitors to laws in Singapore" or "ATMD Bird & Bird"	:	Messrs ATMD Bird & Bird LLP

### General

"ACE Market Listing Requirements"	:	The ACE Market Listing Requirements of Bursa Securities
"Act"	:	The Companies Act, 1965
"Acquisition of iMSC"	:	The acquisition of the entire issued and paid-up share capital of iMSC comprising 85,002 ordinary shares of RM1.00 each for a total purchase consideration of RM10,163,688 satisfied entirely by the issuance of 101,636,730 iDimension Shares to the vendors
"Acquisition of iMSC Singapore"	:	The acquisition of the entire issued and paid-up share capital of iMSC Singapore comprising 100 ordinary shares for a total purchase consideration of RM213,325 satisfied entirely by the issuance of 2,133,250 iDimension Shares to the vendors
"Acquisitions"	:	Collectively the Acquisition of iMSC and the Acquisition of iMSC Singapore
"ADA"	:	Authorised Depository Agent



**DEFINITIONS (Cont'd)**


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"Board"	:	The board of Directors of iDimension
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CDS"	:	Central Depository System
"CDS Account(s)"	:	Account(s) established for a depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
"Daniel Boo"	:	Daniel Boo Hui Siong
"Director(s)"	:	Either an executive director or a non-executive director of the Company within the meaning of Section 4 of the Act
"EPS"	:	Earnings per share
"Flotation Exercise"	:	The Acquisitions, Internal Restructuring, Public Issue, Offer for Sale and Listing, collectively
"FPE"	:	Financial period ended
"FYE"	:	Financial year ended/ending
"Initial Public Offering" or "IPO"	:	The Public Issue and Offer for Sale collectively
"Internal Restructuring"	:	Restructuring of our Group's corporate structure resulting in iDimension holding 100% direct equity interest in iMSC, iSystems, OS Solutions and iMSC Singapore
"Internet Participating Financial Institution(s)"	:	Participating organisations in the Internet Share Application as listed in Section 17 of this Prospectus
"Internet Share Application"	:	An application for the Public Issue Share(s) through an Internet Participating Financial Institution
"IPO Price"	:	RM0.38 for each Public Issue Share or Offer Share, where applicable
"IPO Share(s)"	:	The Public Issue Share(s) and Offer Share(s) collectively
"Listing"	:	Listing of and quotation for the entire enlarged issued and paid-up share capital of iDimension of RM14,200,000 comprising 142,000,000 Shares on the ACE Market of Bursa Securities
"LPD"	:	15 September 2011, being the latest practicable date prior to the printing of this Prospectus
"iDimension Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.10 each in iDimension
"MDeC"	:	Multimedia Development Corporation Sdn Bhd (389346-D)
"MITI"	:	Ministry of International Trade and Industry
"NA"	:	Net assets
"Offer for Sale"	:	Offer for sale of up to 7,000,000 Offer Shares at the IPO Price by the Selling Shareholder by way of placement to identified investors
"Offer Share(s)"	:	Up to 7,000,000 existing iDimension Shares being offered by our Selling Shareholder pursuant to the Offer for Sale
"Offeror" or "Selling Shareholder"	:	Daniel Boo

**DEFINITIONS (Cont'd)**


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"Official List"	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
"PBT"	:	Profit before taxation
"PAT"	:	Profit after taxation
"Placement Agent"	:	OSK
"Promoter(s)"	:	Promoter(s) of our Company, namely Daniel Boo, Pang Lee Fung, Khoo Han Sen, Tan Kian Meng, Ching Seek Fui and Kenneth Boo Hui Howe
"Prospectus"	:	This prospectus dated 25 October 2011
"Public Issue"	:	Public issue of 38,230,000 new iDimension Shares at the IPO Price payable in full upon application
"Public Issue Share(s)" or "Issue Share(s)"	:	The 38,230,000 iDimension Shares to be issued pursuant to the Public Issue
"ROC"	:	Registrar of Companies
"SAC"	:	Shariah Advisory Council of the SC
"SC"	:	Securities Commission Malaysia
"Underwriter"	:	OSK

**Currencies and Units**

"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"SGD"	:	Singapore Dollar
"USD"	:	United States Dollar

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Prospectus shall be reference to Malaysian time, unless otherwise specified.

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## GLOSSARY OF TECHNICAL TERMS

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Except where the context otherwise requires, the following definitions shall apply throughout this Prospectus:

- "Advanced Planning and Scheduling" or "APS" : An Advanced Planning and Scheduling solution is designed to allocate resources to manufacture products in the most efficient way possible.
- "Capacity Allocation Planning System" or "CAPS" : A Capacity Allocation Planning System solution is a headquarters-level "single installation, multiple sites" solution that is designed to enable an organisation to centrally manage its capacity planning process based on relevant information such as forecasts, product attributes, machine and tooling inventory and capability, resource processing rate and utilisation across all of its manufacturing facilities regardless of the facilities' physical location. It centralises capacity planning and standardises capacity methodologies to generate accurate, reliable and realistic planning resulting in shorter time planning calculation cycle from days to hours, and faster response to customers' demand change.
- "Discrete Manufacturing" : Discrete manufacturing refers to a manufacturing process in which the output can be measured as distinct units, rather than by weight or volume. These products can also be labelled and tracked individually. Semiconductors and electronic devices are examples of products that are manufactured by discrete manufacturing.
- "Equipment Automation" or "EA" : In general, an Equipment Automation solution is designed to collect, store, manage and process data captured from the diverse range of manufacturing and inspection equipment installed at an individual production line or in a complete manufacturing plant.
- "Enterprise Resource Planning" or "ERP" : In general, an Enterprise Resource Planning solution is an IT-based platform that is designed to electronically capture, store, manage and process information.
- "Handler(s)" : A handler is a robotic device that is used to automatically place a semiconductor device that is being tested onto an Automatic Test Equipment (ATE) testing system.
- "Information Technology" or "IT" : Information technology refers to the use of technologies and equipment such as computers and peripherals, storage devices, software, and communications equipment to capture, process, disseminate and display information in various forms including text, sound, and images.
- "Java Message Service" or "JMS" : A Java Message Service is a Java Message Oriented Middleware (MOM) application programming interface for sending messages between two (2) or more clients. JMS is a part of the Java Platform, Enterprise Edition, and is defined by a specification developed under the Java Community Process as JSR 914. It is a messaging standard that allows application components based on the Java 2 Platform, Enterprise Edition (J2EE) to create, send, receive, and read messages. It allows the communication between different components of a distributed application to be loosely coupled, reliable, and asynchronous.
- "Manufacturing Execution System" or "MES" : In general, a Manufacturing Execution System solution is an IT-based platform that is designed to manage manufacturing operations.
- "Overall Equipment Effectiveness" or "OEE" : Overall Equipment Effectiveness is a methodology for assessing process capacity and utilisation of equipment. It takes into account availability, efficiency and quality. Overall Equipment Effectiveness measurement is also commonly used as a key performance indicator in conjunction with lean manufacturing efforts to provide an indicator of success.

**GLOSSARY OF TECHNICAL TERMS (Cont'd)**

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- "Process Manufacturing" : Process manufacturing refers to a manufacturing process in which the output is measured by weight or volume. Petroleum refining, chemical production, pharmaceutical production, and food processing are examples of process manufacturing.
- "Recipe" : Within the context of this report, the term "recipe" may refer to the set of formulations, steps and processes that are used to produce a certain product.
- "Recipe Management System" or "RMS" : In general, a Recipe Management System solution is designed to manage the recipes used in a manufacturing plant.
- "Statistical Process Control" or "SPC" : In general, a Statistical Process Control solution is designed to apply statistical methods to monitor and control a manufacturing operation to ensure that it operates at its full potential to produce products that conform with specifications.
- "Tester(s)" : A tester is used to electrically test semiconductor devices to identify good or bad units, as well as its product classification information.
- "Visual Management System" or "VMS" : In general, a Visual Management System solution is designed to present data in a visual format.

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## 1. CORPORATE DIRECTORY

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### BOARD OF DIRECTORS

Name	Address	Nationality	Profession
Datu Dr Michael Dosim Lunjew <i>(Independent Non-Executive Chairman)</i>	21 Jalan Setiamurni 4 Bukit Damansara 50490 Kuala Lumpur	Malaysian	Company Director
Daniel Boo Hui Siong <i>(Managing Director)</i>	15 Jalan Sejati 2 Taman Sejati, Bandar Sg Long 43000 Cheras Selangor Darul Ehsan	Malaysian	Company Director
Pang Lee Fung <i>(Non-Independent Executive Director)</i>	288 Jalan Perak 3 Taman Bersatu 81000 Kulai Johor Darul Takzim	Malaysian	Company Director
Khoo Han Sen <i>(Non-Independent Executive Director)</i>	43 Jalan Putra Setia 6/1A Putra Heights 47650 Subang Jaya Selangor Darul Ehsan	Malaysian	Company Director
Tan Kian Meng <i>(Non-Independent Executive Director)</i>	27 Jalan PJU 1A/1F Ara Damansara 47301 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Chuah Sue Yin <i>(Independent Non-Executive Director)</i>	25 Elitis Bayu Valencia 47000 Sungai Buloh Selangor Darul Ehsan	Malaysian	Chartered Accountant
Chong Yuen Chin <i>(Independent Non-Executive Director)</i>	A2-3A-2 Block A2, Sri Putramas 2 Royal Domain Condominium 1 Jalan Putramas Off Jalan Kuching 51200 Kuala Lumpur	Malaysian	Lawyer

### AUDIT COMMITTEE

Name	Designation	Directorship
Chuah Sue Yin	Chairman	Independent Non-Executive Director
Datu Dr Michael Dosim Lunjew	Member	Independent Non-Executive Chairman
Chong Yuen Chin	Member	Independent Non-Executive Director



**1. CORPORATE DIRECTORY (Cont'd)**

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**NOMINATION AND REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Datu Dr Michael Dosim Lunjew	Chairman	Independent Non-Executive Chairman
Daniel Boo	Member	Managing Director
Chong Yuen Chin	Member	Independent Non-Executive Director

**COMPANY SECRETARIES** : Ho Mun Yee (MAICSA 0877877)  
 Tam Fong Ying (MAICSA 7007857)  
 3<sup>rd</sup> Floor, 17 Jalan Ipoh Kecil  
 50350 Kuala Lumpur  
 Telephone No. : (03) 4044 3235

**REGISTERED OFFICE** : 3<sup>rd</sup> Floor, 17 Jalan Ipoh Kecil  
 50350 Kuala Lumpur  
 Telephone No. : (03) 4044 3235

**HEAD OFFICE** : Block E2, 7-4 Jalan PJU 1/42A  
 Dataran Prima  
 47301 Petaling Jaya  
 Selangor Darul Ehsan  
 Telephone No. : (03) 7880 5303  
 E-mail: enquiry@idimensionsystems.com  
 Website: www.idimensionsystems.com

**PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : OSK Investment Bank Berhad (14152-V)  
 20<sup>th</sup> Floor, Plaza OSK  
 Jalan Ampang  
 50450 Kuala Lumpur  
 Telephone No. : (03) 2333 8333

**AUDITORS AND REPORTING ACCOUNTANTS** : SJ Grant Thornton (AF:0737)  
 Level 11, Sheraton Imperial Court  
 Jalan Sultan Ismail  
 50250 Kuala Lumpur  
 Telephone No. : (03) 2692 4022

**SOLICITORS FOR THE IPO (as to laws in Malaysia)** : Tay & Partners  
 6th Floor, Plaza See Hoy Chan  
 Jalan Raja Chulan  
 50200 Kuala Lumpur  
 Telephone No. : (03) 2050 1888

**SOLICITORS (as to laws in Singapore)** : ATMD Bird & Bird LLP  
 2 Shenton Way #18-01  
 SGX Centre 1  
 Singapore 068804  
 Telephone No. : +65 6534 5266

1. CORPORATE DIRECTORY (Cont'd)

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- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd (266797-T)  
75C & 77C Jalan SS22/19  
Damansara Jaya  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No. : (03) 7728 0248
- PRINCIPAL BANKERS** : Malayan Banking Berhad (3813-K)  
8 & 10, Jalan SS2/63  
47300 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No. : (03) 7876 7662/ (03) 7876 7001
- Public Bank Berhad (6463-H)  
1,3 & 5, Jalan 52/2  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No. : (03) 7956 9924
- ISSUING HOUSE AND SHARE REGISTRAR** : Equiniti Services Sdn Bhd (*formerly known as MIDF Consultancy and Corporate Services Sdn Bhd*) (11324-H)  
Level 8, Menara MIDF  
82 Jalan Raja Chulan  
50200 Kuala Lumpur  
Telephone No. : (03) 2166 0933
- LISTING SOUGHT** : ACE Market of Bursa Securities
- SHARIAH STATUS** : Approved by the SAC of the SC

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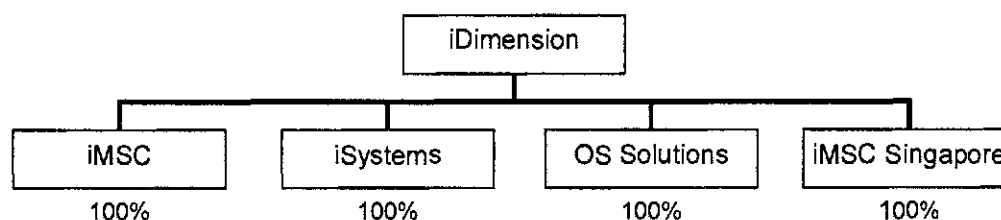
## 2. INFORMATION SUMMARY

*This section is only a summary of the salient information about us and the IPO, and does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by the detailed information appearing elsewhere in this Prospectus. You should read and understand this section together with the entire Prospectus prior to deciding whether to invest in our Shares.*

### 2.1 Who We Are

We were incorporated in Malaysia on 20 December 2010 under the Act as a public limited company under the name iDimension Consolidated Bhd for the purpose of implementing the listing exercise as set out in Section 10 of this Prospectus.

The corporate structure of our Group is set out as follows:



Details of our subsidiaries are set out as follows:

Name of company	Date and country of incorporation	Issued and paid-up share capital	Effective interest (%)	Principal activity
<b>Direct</b>				
iMSC	14 March 2005 Malaysia	RM85,002	100.00	Development and provision of software solutions and maintenance services
iSystems	10 April 2001 Malaysia	RM85,002	100.00	Provision and marketing of software solutions and maintenance services
OS Solutions	2 July 2004 Malaysia	RM100,000	100.00	Development and provision of software solutions and maintenance services
iMSC Singapore	12 January 2009 Singapore	SGD100	100.00	Sales and marketing of software solutions

We are primarily a manufacturing software solutions provider. We develop some of the software solutions in-house, while others are customised solutions that combine our in-house developed modules with third party software. We are also a value-added reseller of third party software solutions, providing value-added services which include consulting services, systems design, systems configuration, hardware, software and network installation, and commissioning.

**2. INFORMATION SUMMARY (Cont'd)**

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Our current software solutions are for the manufacturing sector, where we have a strong focus on the semiconductor industry. Nevertheless, our manufacturing software solutions are flexible and can be customised for use in most manufacturing environments and operations. Presently, our software solutions are also extended to customers involved in, amongst others, the manufacturing of handgloves, adhesives and electronic die cast components. Moving forward, we intend to develop software solutions that are targeted at process manufacturing and discrete manufacturing industries, and the plantation industry.

Since the incorporation of iSystems, we have made significant headways in exporting our software solutions. For the three (3) financial years up to the FYE 31 December 2010, exports ranged between 41.24% and 49.83% of our total revenue. Our ability to export our services is testament to the quality of our service and software solutions. Most importantly, it opens up a significantly larger global market to sustain our business growth.

The iDimension Group was started by our co-founders, Daniel Boo and Pang Lee Fung, with the incorporation of iSystems in 2001. Our initial business was primarily that of a value-added reseller of manufacturing software solutions targeted at high-technology consumer electronic goods and semiconductor manufacturers. In 2002, we were appointed as a Master Distributor of WinSPC products, a type of Windows-based SPC software, by DataNet Quality Systems for the Asia Pacific region. This is of significance to our Group as all enquiries and purchases of WinSPC products within the Asia Pacific region (excluding India and Australia) have to be done through us. Presently, other than Japan whereby we have appointed a reseller, we are the sole distributor of WinSPC products in the Asia Pacific region (excluding India and Australia).

Mighty Ingenious Sdn Bhd, now known as iMSC, was incorporated in 2005 and was granted MSC status in the same year. iMSC is currently involved in developing software products and solutions, namely iDynamics, iMES, iPASS, CAPS Assembly, iSPC, iRMS and iVMS.

We launched our APS solutions in 2005, marketed under the product name iPASS, and are optimised for semiconductor manufacturers.

We won our first major project with a front-end semiconductor manufacturer in 2005, when we were awarded an EA project by Silterra Malaysia Sdn Bhd. Silterra Malaysia Sdn Bhd is one of two front-end semiconductor manufacturers operating in Malaysia.

In 2006, we were awarded our first Computer Integrated Manufacturing (CIM) project, which integrates ERP, MES and APS, by Unisem Chengdu Co., Ltd, a subsidiary of Unisem (M) Berhad. Unisem (M) Berhad is a global provider of semiconductor assembly and test services.

We launched our in-house developed MES solutions in 2006. Our MES solutions are targeted at all sectors of manufacturing, and are designed to improve manufacturing efficiency by allowing users to collect data, monitor work-in-progress in real-time, execute work orders, and track machinery usage and status.

In 2007, iSystems was recognised as a Microsoft Certified Partner for Malaysia and joined the Microsoft President's Club in 2008, which recognises partners with the highest overall performance, in addition to driving license revenue, new customer additions, support renewal and year-on-year growth.

iMSC acquired OS Solutions in 2008. OS Solutions was granted MSC status earlier in 2006 and is currently involved in developing software products and solutions, mainly focusing on our proprietary MES solution, OTrack.

In 2008, iSystems was recognised as a partner by Siemens Product Lifecycle Management Software (SG) Pte Ltd for Singapore, Malaysia, Indonesia, the Philippines and Vietnam. In the same year, iSystems was also recognised as Miracom Inc's Best Partner in South East Asia.

## 2. INFORMATION SUMMARY (Cont'd)

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iMSC Singapore was incorporated in 2009, and is our marketing arm for Singapore.

Our Managing Director, Daniel Boo, was one of the winners of the Asia Pacific Entrepreneurship Awards (APEA) Most Promising Entrepreneur Award 2009 for his outstanding and exemplary achievements in entrepreneurship. SME Magazine included iMSC on its SME100 Award 2009 list of fast moving companies. iMSC was also recognised as a leading technology company in the Deloitte Technology Fast500 Asia Pacific 2009 programme.

In 2010, MDeC granted iMSC a R&D grant of RM681,559. The R&D grant was in relation to our CAPS Assembly development project. To date, iMSC has received 75% of the grant, i.e. RM511,069. The remaining 25% will be received upon satisfactory verification by MDeC of at least three (3) intellectual property rights being created under the development of CAPS Assembly and applied to be registered for by iMSC. The creation of the intellectual property rights is presently in progress.

In 2010, iMSC had attained the following:

- (a) announced as the winner of the "Top 10 Outstanding SMEs" category at the Golden Bull Award 2010;
- (b) ranked third on the Enterprise 50 list in 2010, representing Malaysia's top 50 most enterprising privately-held companies for 2010; and
- (c) ranked 95 on the Deloitte Technology Fast500 Asia Pacific 2010 Ranking.

Since the incorporation of iSystems in 2001, we have successfully built up our expertise and capabilities with a primary focus on manufacturing software solutions. From our beginnings as value-added resellers of third party manufacturing software solutions, we have since progressed to become developers of our own proprietary manufacturing software solutions. We serve customers in both Malaysia and overseas countries such as Indonesia, Singapore, China, the United States of America, the Philippines, Japan and Thailand.

### 2.2 Our Strengths

We believe that our competitive strengths lie in the following areas:

- (a) We have our own proprietary and customised software solutions incorporating ERP, MES, APS and EA, which include both complete software solutions and add-on modules for third party software solutions;
- (b) Our in-house software development capability provides us with the advantage of being able to develop new applications, functions and solutions to meet market needs;
- (c) We are a total integrated solutions provider, which enables us to position ourselves as a one-stop supplier of manufacturing software solutions;
- (d) We have a strong knowledge and skills base pertinent to the semiconductor industry;
- (e) The provision of systems maintenance for our customers has served as recurrent revenue for us;
- (f) We have developed an export customer base; and
- (g) We have the ability to export our software solutions as we own the intellectual properties, thus enlarging our potential markets significantly.

## 2. INFORMATION SUMMARY (Cont'd)

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Please refer to Section 7.3.4 of this Prospectus for further information on our competitive advantages and key strengths.

### 2.3 Our Prospects

The prospects of our Group are favourable in light of the following factors:

- (a) Our strong financial performance to-date as illustrated in Section 12.1 of this Prospectus will provide us with the platform for continuing business success and growth;
- (b) Our competitive advantages and key strengths as set out in Section 2.2 of this Prospectus will enable us to compete successfully as well as provide us with growth prospects;
- (c) Our future plans as set out in Section 7.19 of this Prospectus will create growth opportunities and promote business diversity; and
- (d) The outlook of the IT industry and the improving economic conditions for the Malaysian economy as a whole as set out in Section 11 of the Independent Assessment of the IT Industry Focusing on the Development and Provision of Manufacturing Software Solutions, particularly for the Semiconductor Industry prepared by Vital Factor as enclosed herein under Section 8 of this Prospectus.

Please refer to Section 7.19.4 of this Prospectus for further information on the prospects of our Group.

### 2.4 Salient Information on the IPO

Public Issue : The Public Issue will be allocated in the following manner:

- (a) 5,230,000 Public Issue Shares will be made available for application by our eligible employees and business associates who have contributed to our success and development;
- (b) 28,000,000 Public Issue Shares will be made available for application by way of placement to identified investors; and
- (c) 5,000,000 Public Issue Shares will be made available for application by the Malaysian public

Offer for Sale : Up to 7,000,000 Offer Shares to be offered by way of placement to identified investors

IPO Price : RM0.38 per Share

Please refer to Section 4 of this Prospectus for further information on the IPO.

## 2. INFORMATION SUMMARY (Cont'd)

### 2.5 Utilisation of Proceeds

We will not receive any proceeds from the Offer for Sale. The gross proceeds of up to approximately RM2.66 million arising from the Offer for Sale of up to 7,000,000 Offer Shares at the IPO Price will accrue entirely to the Selling Shareholder.

We will receive proceeds of approximately RM14.53 million from our Public Issue. We intend to use the proceeds from the Listing in the following manner:

	(RM'000)	% of total proceeds	Expected utilisation period after our Listing
Business expansions	5,000	34.42	Within two (2) years
R&D expenditure	4,500	30.97	Within three (3) years
Capital expenditure	2,100	14.46	Within two (2) years
Working capital	827	5.69	Within three (3) years
Estimated listing expenses	2,100	14.46	Upon completion of our Listing
	<u>14,527</u>	<u>100.00</u>	

There is no minimum level of subscription applicable to our IPO.

Please refer to Section 4.9 of this Prospectus for further information on the intended utilisation of our Public Issue proceeds.

### 2.6 Risk Factors

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks that we currently face or that may develop in the future. The list is not exhaustive and should not be construed as ranking of risk factors. Additional risks, whether known or unknown, may in the future have a material adverse effect on our Shares or us.

#### 2.6.1 Risks relating to our Shares

- (a) Our Shares have never been publicly traded before and the IPO may not result in an active or liquid market for our Shares;
- (b) Our share price may be volatile, which could result in substantial losses for investors applying for our Shares; and
- (c) Our listing is exposed to the risk of possible failure or delay.

#### 2.6.2 Risks relating to the industries that we operate in

- (a) We face constant competition from other IT companies, both locally and abroad, which provide the similar type of solutions;
- (b) Our business may be adversely affected by the rapid rate of technological advances in the IT industry, which may lead to obsolescence of our manufacturing software solutions;
- (c) The ready availability of freeware may, in the future, pose a risk to our Group, who charges a fee to users for the use of our software solutions; and

## 2. INFORMATION SUMMARY (Cont'd)

---

- (d) Unauthorised copying, replication and distribution of our software may, in the future, have a negative effect on our financial performance.

### 2.6.3 Risks relating to our operations

- (a) We are dependent on the semiconductor industry as our customers are mainly involved in this industry;
- (b) We are dependent on a major customer, the Unisem group of companies, which has provided us with a sustainable revenue advantage for the past eight (8) years;
- (c) We are somewhat dependent on our three (3) largest suppliers, namely Siemens Product Lifecycle Management Software (SG) Pte Ltd, Microsoft Regional Sales Corporation and Datanet Quality Systems for supplies of third party software;
- (d) Our success is dependent on the continued employment and performance of our Directors, key management and technical personnel;
- (e) Our Group's financial performance may be adversely affected in the event that the MSC status and/or pioneer status granted to either iMSC or OS Solutions are revoked or not renewed;
- (f) The decision of our substantial shareholders, namely Daniel Boo and Pang Lee Fung, may be able to determine the outcome of most matters requiring the vote of shareholders;
- (g) Our business, financial condition and operating results may be affected if we fail to assess the business risks accurately in the foreign markets where we plan to expand to; and
- (h) We are exposed to fluctuations in foreign currency exchange rates.

### 2.6.4 Other risks

- (a) We are affected by political, economical and regulatory factors; and
- (b) Actual results, performance and/or achievements may vary significantly from those expressed or implied in forward-looking statements.

Please refer to Section 5 of this Prospectus for further information on the risks involved in investing in our Company.

## 2.7 Financial Information

### 2.7.1 Pro forma consolidated statements of comprehensive income

The pro forma consolidated statements of comprehensive income below are for illustrative purposes only, and are based on our Company's and our subsidiaries' respective audited financial statements for the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011 as well as the comparative period of the 4-month FPE 30 April 2010, on the assumption that our current Group structure had been in existence throughout the financial years and periods under review.



## 2. INFORMATION SUMMARY (Cont'd)

You should read the summary of our financial data regarding our business for the financial years and periods that we have presented below together with our Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects as set out in Section 12.3 of this Prospectus, the Reporting Accountants' letter on our Pro forma Consolidated Financial Information as set out in Section 13 of this Prospectus, and the accompanying notes and assumptions included in the Reporting Accountants' Report as set out in Section 14 of this Prospectus.

	<----- Audited ----->			Unaudited	Audited
	<---- FYE 31 December ---->			<-- FPE 30 April -->	
	2008	2009	2010	2010	2011
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	7,685	11,933	14,950	5,592	5,554
Less: Cost of sales	(2,738)	(3,703)	(3,989)	(1,434)	(1,641)
Gross profit	4,947	8,230	10,961	4,158	3,913
Other income	505	125	304	130	46
Administrative expenses	(1,418)	(1,762)	(2,736)	(883)	(1,019)
Finance costs	(1)	(18)	(49)	(14)	(16)
PBT	4,033	6,575	8,480	3,391	2,924
Taxation	-	(86)	(240)	(64)	(667)
PAT	4,033	6,489	8,240	3,327	2,257
EBITDA	4,079	6,902	8,990	3,561	3,112
Amortisation and depreciation	46	313	465	156	172
Interest expenses	-	14	45	14	16
Attributable to:					
- Equity holders	4,033	6,489	8,240	3,327	2,257
- Minority interest	-	-	-	-	-
No. of ordinary shares of RM0.10 each in issue ('000) <sup>(1)</sup>	103,770	103,770	103,770	103,770	103,770
<u>Profit margin</u>					
Gross profit margin (%)	64.37	68.97	73.32	74.36	70.45
PBT margin (%)	52.48	55.10	56.72	60.64	52.65
Net profit margin (%)	52.48	54.38	55.12	59.50	40.64
<u>Basic EPS</u>					
Gross EPS (sen) <sup>(2)</sup>	3.89	6.34	8.17	3.27	2.82
Net EPS (sen) <sup>(3)</sup>	3.89	6.25	7.94	3.21	2.18
Diluted EPS <sup>(4)</sup>	-	-	-	-	-

## Notes:

\* Negligible.

(1) Based on our issued and paid-up share capital immediately before the IPO.

(2) The gross EPS is calculated based on the PBT attributable to our shareholders for the respective financial years/periods divided by the number of Shares in issue.

(3) The net EPS is calculated based on the PAT attributable to our shareholders for the respective financial years/periods divided by the number of Shares in issue.

(4) There were no potential dilutive ordinary shares during the financial year.

Our pro forma consolidated financial statements have been reported by our auditors without any qualification for the financial years and periods under review.

## 2. INFORMATION SUMMARY (Cont'd)

Please refer to Sections 12.1 and 13 of this Prospectus for further information on our financial performance throughout the financial years and periods under review.

### 2.7.2 Pro forma consolidated statements of financial position

The pro forma consolidated statements of financial position below are for illustrative purposes only, and are based on our Company's and our subsidiaries' respective audited statements of financial position as at 30 April 2011 to show the effects of our Flotation Exercise and the use of proceeds arising from the Public Issue on the assumptions that the transactions had been effected on that date.

You should read the pro forma consolidated statements of financial position below together with the accompanying notes and assumptions included in the Reporting Accountants' Letter as enclosed in Section 13 of this Prospectus.

	As at 30 April 2011 (RM'000)	After the Public Issue and utilisation of proceeds (RM'000)
Share capital	10,377	14,200
Share premium	*	9,642
Exchange translation reserve	(9)	(9)
Unappropriated profit	3,905	2,867
Total shareholders' equity/ NA	14,273	26,700
<b>Long-term liabilities</b>		
Government grant	341	341
Hire purchase creditor	69	69
Deferred tax liabilities	28	28
	14,711	27,138
<b>Represented by:</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,306	3,406
Investment properties	165	165
Development costs	2,483	6,983
	3,954	10,554
<b>Current assets</b>		
Inventories	36	36
Amount due from customers	2,125	2,125
Trade receivables	4,603	4,603
Other receivables	2,299	1,333
Fixed deposits with licensed banks	2,982	2,982
Cash and bank balances	1,992	8,785
	14,037	19,864
<b>Less: current liabilities</b>		
Amount due to customers	208	208
Trade payables	271	271
Other payables	1,133	1,133
Bank overdraft	974	974
Tax payable	694	694
	3,280	3,280
<b>Net current assets</b>	10,757	16,584
	14,711	27,138
No. of Shares in issue ('000)	103,770	142,000
NA per Share (RM)	0.14	0.19

**2. INFORMATION SUMMARY (Cont'd)**

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*Note:*

\* *Negligible.*

Please refer to Section 13 of this Prospectus for further information on the pro forma consolidated statements of financial position.

**2.7.3 Dividend policy**

Going forward, our ability to pay dividends or make other distributions to our shareholders is subject to various factors such as having profits and excess funds not required to be retained to fund our business. Our Board will also take into consideration, amongst others, the following factors when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (a) the availability of adequate distributable reserves and cash flows;
- (b) our operating cash flow requirements and financing commitments;
- (c) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- (d) any material impact of tax laws and other regulatory requirements.

Any declaration and payment of dividends in the future will be at the discretion of our Board. No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

**THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK**

### 3. INTRODUCTION

---

This Prospectus is dated 25 October 2011.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the ROC. Neither the SC nor the ROC takes any responsibility for the contents of this Prospectus.

On 31 March 2011, our securities are classified as Shariah compliant by the SAC based on the audited financial statements of our Company and our subsidiaries for the FYE 31 December 2009 for the purpose of our IPO and Listing. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November. However, the classification of our securities as Shariah compliant by the SAC shall not be taken to indicate that the SAC recommends our Listing.

We have obtained the approval from Bursa Securities on 10 August 2011 for the admission of our Company to the Official List of the ACE Market of Bursa Securities and for permission to deal in and for the listing of and quotation for our entire enlarged issued and paid-up share capital, including the IPO Shares, which are the subject of this Prospectus, on the ACE Market of Bursa Securities. Our Shares will be admitted to the Official List of the ACE Market of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all the IPO Shares have been credited into the respective CDS accounts of the successful applicants and the notices of allotment have been issued and despatched to all successful applicants.

Bursa Securities assumes no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares or our Flotation Exercise.

Pursuant to Section 14(1) of the Securities Industries (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as prescribed securities. Therefore, we will deposit our Shares directly with Bursa Depository. Any dealing in our Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository. We will not issue any share certificate to the successful applicants.

Persons submitting applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS account. If you do not presently have a CDS account, you must open a CDS account at an ADA before making an application for the IPO Shares.

- In the case of an application by way of Application Form, you should state your CDS account number in the space provided in the Application Form; or
- In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application require you to do so; or
- In the case of an application by way of Internet Share Application, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, your CDS account number will automatically appear in the electronic IPO online application form.

A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

**3. INTRODUCTION (Cont'd)**

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Pursuant to the Listing Requirements, at least 25% of the total number of our Shares for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of Listing. We expect to meet this public shareholding spread requirement at the point of Listing. If we do not meet the public shareholding requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, monies paid in respect of all applications, in compliance with Section 243(2) of the CMSA.

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers has authorised anyone to provide you with information that is different and which is not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstance, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238 of the CMSA.

The distribution of this Prospectus and the sale of the IPO Shares in other jurisdictions outside Malaysia may be restricted by the law. If you have come into possession of this Prospectus, we require you to inform yourself of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to buy any IPO Share in any jurisdiction or circumstance in which such an offer or invitation is not authorised or unlawful, or to any person to whom it is unlawful to make such offer or invitation.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE FLOTATION EXERCISE AND YOUR INVESTMENT IN OUR SHARES. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR SHARES.**

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#### 4. PARTICULARS OF THE IPO

##### 4.1 Purposes of our IPO

The purposes of our IPO are as follows:

- (a) to enhance our business profile and future prospects through the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities;
- (b) to enable us to have access to the capital markets for cost effective capital raising to provide us with the financial flexibility to pursue growth opportunities. See Section 4.9 of this Prospectus for further information on how we plan to utilise the proceeds from the Public Issue of our Shares;
- (c) to enable our existing and continuing shareholders to realise part of their investments;
- (d) to enhance the liquidity of our Shares;
- (e) to enhance the transparency and discipline of our corporate management; and
- (f) to provide an opportunity for the investing community, including the Malaysian public, eligible employees and business associates who have contributed to our success and development, to participate in the equity and continuing growth of our Group.

##### 4.2 Share Capital

	No. of Shares	RM
<b>Authorised share capital</b>	<u>500,000,000</u>	<u>50,000,000</u>
<b>Issued and fully paid-up share capital</b>		
Existing Shares	103,770,000	10,377,000
To be issued pursuant to the Public Issue	38,230,000	3,823,000
<b>Enlarged share capital upon Listing</b>	<u>142,000,000</u>	<u>14,200,000</u>
To be offered pursuant to the Offer for Sale	<u>7,000,000</u>	<u>700,000</u>

We have only one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another. The IPO Shares will, upon allotment and issue, rank *pari passu* in all respects with our existing issued and fully paid-up ordinary shares including voting rights and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the IPO Shares. There is no over-allotment or 'greenshoe' option that will result in an increase in the amount of the IPO Shares.

Subject to any special right attaching to any of our Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid-up on the shares held by them, be entitled to share the whole of the profits paid out by us in the form of dividends and other distributions and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association.

#### 4. PARTICULARS OF THE IPO (Cont'd)

At any of our general meetings, each of our shareholders shall be entitled to vote in person or by proxy or, being a corporation, by a representative. On a show of hands, every shareholder present in person or by proxy or other duly authorised representative shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company.

#### 4.3 Details of the IPO

Our IPO comprises:

##### (a) Public Issue

A Public Issue of a total of 38,230,000 Public Issue Shares at the IPO Price, payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated in the following manner:

- (i) 5,230,000 Public Issue Shares representing approximately 3.68% of our enlarged issued and fully paid-up share capital, will be made available for application by our eligible employees and business associates who have contributed to our success and development;
- (ii) 28,000,000 Public Issue Shares representing approximately 19.72% of our enlarged issued and fully paid-up share capital, will be placed to identified investors; and
- (iii) 5,000,000 Public Issue Shares representing approximately 3.52% of our enlarged issued and fully paid-up share capital, will be made available for application by the Malaysian public, to be allocated via ballot.

##### (b) Offer for Sale

An Offer for Sale of up to 7,000,000 Offer Shares, representing approximately 4.93% of our enlarged issued and fully paid-up share capital, at the IPO Price to be offered by the Selling Shareholder to identified investors.

In summary, our IPO Shares will be allocated in the following manner:

	Public Issue		Offer for Sale		Total	
	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital
Our eligible employees and business associates who have contributed to our success and development	5,230,000	3.68	-	0.00	5,230,000	3.68
Identified investors (by way of placement)	28,000,000	19.72	7,000,000	4.93	35,000,000	24.65
Malaysian public	5,000,000	3.52	-	0.00	5,000,000	3.52
	<b>38,230,000</b>	<b>26.92</b>	<b>7,000,000</b>	<b>4.93</b>	<b>45,230,000</b>	<b>31.85</b>

#### 4. PARTICULARS OF THE IPO (Cont'd)

Our Underwriter has fully underwritten the Public Issue Shares made available for application by our eligible employees and business associates who have contributed to our success and development as well as those made available for application by the Malaysian public. The Public Issue Shares made available for application by identified investors are not underwritten. Our Placement Agent has received irrevocable undertakings from the identified investors to take up the Public Issue Shares made available for application under the private placement.

In the event of an under-subscription of the Public Issue Shares by the eligible employees and business associates who have contributed to our success and development, the unsubscribed Public Issue Shares will be made available to the Malaysian public. Public Issue Shares which are not taken up by the Malaysian public will be made available for application by identified investors via private placement if the private placement is oversubscribed. Any further Public Issue Shares not subscribed for will be underwritten by our Underwriter in accordance with the Underwriting Agreement dated 13 October 2011. Please refer to Section 4.10 of this Prospectus for further information on our underwriting arrangements.

The basis for allocating the Public Issue Shares shall take into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities, as well as to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

#### 4.4 Criteria of Allocation of Shares to Eligible Employees and Business Associates

As mentioned in the preceding section, 5,230,000 Public Issue Shares will be reserved for our eligible employees and business associates who have contributed to our success and development, based on the following allocation:

<b>Category</b>	<b>No. of eligible persons</b>	<b>No. of iDimension Shares allotted</b>
Employees	53	2,336,000
Business associates	2	2,894,000
<b>Total</b>	<b>55</b>	<b>5,230,000</b>

The Shares to be allocated to our eligible employees and business associates have been allocated based on, inter alia, the following criteria as approved by our Board:

- (a) the employee must be a confirmed full time employee and on the payroll of our Group;
- (b) the number of Shares allocated to employees are based on seniority, position, length of service and contribution made to our Group; and
- (c) the number of Shares allocated to business associates who have contributed to the success of our Group, including business contacts, suppliers and customers, are based on the length of relationship, and contribution and support to the growth of our Group.



#### 4. PARTICULARS OF THE IPO (Cont'd)

##### 4.5 Selling Shareholder

Daniel Boo, our Managing Director, has been one of our substantial shareholders since our incorporation. He is offering up to 7,000,000 of his existing Shares under the Offer for Sale.

Details of Daniel Boo's shareholdings in our Company before and after the IPO are set out as follows:

Selling Shareholder	Before IPO				After IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Daniel Boo	82,018,039	79.04	<sup>(1)</sup> 2,727,388	2.63	75,018,039	52.83	<sup>(1)</sup> 2,727,388	1.92

Note:

(1) Deemed interested by virtue of the direct interest of his spouse in iDimension.

##### 4.6 Basis of Arriving at the IPO Price

Prior to the IPO, there has been no public market for our Shares. The IPO Price was determined and agreed upon by our Directors, Promoters and Selling Shareholder together with OSK, our Principal Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

###### (a) Our financial history

We recorded a pro forma consolidated PAT of approximately RM8.24 million for the FYE 31 December 2010. Based on our issued and paid-up share capital before the Public Issue of 103,770,000 Shares, our recorded net EPS is 7.94 sen. This translates into a historical net price-earnings multiple of 4.79 times based on our IPO Price.

Further, we also recorded a pro forma consolidated PAT of approximately RM2.26 million for the 4-month FPE 30 April 2011, which translates to RM6.77 million on an annualised basis. Based on our issued and paid-up share capital before the Public Issue of 103,770,000 Shares, our recorded net EPS on an annualised basis is 6.53 sen. This translates into a historical net price-earnings multiple of 5.82 times based on our IPO Price.

###### (b) Our pro forma consolidated NA per Share

Our pro forma consolidated NA per Share as at 30 April 2011 stood at RM0.19 based on our enlarged issued and paid-up share capital of 142,000,000 Shares upon Listing and taking into account the proposed utilisation of proceeds as set out in Section 4.9 of this Prospectus.

###### (c) Our operating history and nature of business

Since the formation of our Group in 2001, we have successfully built up our expertise and capabilities with a primary focus on manufacturing software solutions. From our beginnings as value-added resellers of third party manufacturing software solutions, we have since progressed to become developers of our own proprietary manufacturing software solutions. Our competitive advantages and key strengths, technology used and intellectual properties, amongst others, have contributed to our achievements, and provide a platform to strengthen our Group's position within the industry we operate in.

#### 4. PARTICULARS OF THE IPO (Cont'd)

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Further information on our operating history and the nature of our business are set out in Section 7 of this Prospectus.

**(d) Our prospects and future plans**

Our positive prospects and future plans, which involve the development of new manufacturing software solutions and solutions for other industries such as the process and discrete manufacturing industries, and the plantation industry, as well as business expansion overseas, will create growth opportunities for our Group. Further information on the prospects of the industry we operate in, our future plans, strategies and prospects are set out in Sections 7.19 and 8 of this Prospectus.

**(e) Prevailing market conditions**

The global economy continues to recover albeit at a moderate pace and the Malaysian economy has been experiencing improving conditions as a whole. Further information on the overview and outlook of the global and Malaysian economy are set out in Sections 8.1 and 8.2 of this Prospectus.

Our Directors, Promoters and Selling Shareholder together with OSK are of the opinion that the IPO Price is fair and reasonable after careful consideration of the above-mentioned factors.

Prior to the IPO, there has been no public market for our Shares within or outside Malaysia. You should also note that the market price of our Shares upon the Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. You should form your own views on the valuation of our Shares before deciding on an investment decision. You are also reminded to consider carefully the risk factors as set out in Section 5 of this Prospectus.

#### 4.7 Market Capitalisation upon Listing

Our market capitalisation upon Listing will be RM53,960,000 based on our IPO Price and our enlarged issued and paid-up share capital of 142,000,000 Shares.

#### 4.8 Dilution

Dilution is computed as the difference between the IPO Price and our pro forma consolidated NA per Share of the Group immediately after the Listing. Our consolidated NA per Share as at 30 April 2011 based on the issued and paid-up share capital of 103,770,000 Shares before the IPO is approximately RM0.14.

Subsequent to the implementation of the IPO, our pro forma consolidated NA per Share after adjusting the effects of the IPO and utilisation of proceeds raised from the Public Issue, as well as based on the enlarged issued and paid-up share capital of 142,000,000 Shares, would be RM0.19.

Pursuant thereto, this represents an immediate increase in the pro forma consolidated NA per Share to our existing shareholders of RM0.05, and an immediate dilution in the pro forma consolidated NA per Share of RM0.19 to our new investors.

## 4. PARTICULARS OF THE IPO (Cont'd)

The following table illustrates such dilution on a per Share basis:

IPO Price	RM 0.38
NA per Share before adjusting for the Public Issue and Offer for Sale	0.14
Increase in NA per Share attributable to the existing shareholders	0.05
NA per Share after adjusting for the Public Issue and Offer for Sale	0.19
<b>Dilution in NA per Share to new public Investors *</b>	0.19
<b>Dilution in NA per Share to new public Investors as a percentage of the IPO Price</b>	50%

Note:

\* After taking into consideration the effect of the utilisation of proceeds received and the listing expenses pursuant to the Listing.

The following table summarises the total number of Shares received by the vendors of the Acquisitions who are also our Directors, substantial shareholders, key management or persons connected to them, and the cost per Share to them and to the new public investors who subscribe for and/or purchase the IPO Shares pursuant to the IPO:

	Total number of Shares received as vendors in the Acquisitions (No. of Shares)	Total consideration (RM)	Cost per Share (RM)
Daniel Boo	82,018,039	8,201,815	0.10
Pang Lee Fung	5,931,679	593,167	0.10
Khoo Han Sen	4,546,044	454,605	0.10
Tan Kian Meng	4,546,044	454,605	0.10
Chong Yuen Chin	1	*	0.10
Hung Beng Guan	145,875	14,588	0.10
Ooi Aik Chong	981,669	98,167	0.10
David Chia Kong Sieng	363,492	36,349	0.10
Mok Wai Leng	363,492	36,349	0.10
Lee Cheok Sze	327,621	32,762	0.10
Tan Jia Chuen	327,621	32,762	0.10
Kenneth Boo Hui Howe	181,746	18,175	0.10
Ching Seek Fui	2,727,388	272,739	0.10

Note:

\* Represents RM0.10.

	Total number of IPO Shares (No. of Shares)	Total consideration (RM)	Cost per Share (RM)
New investors	45,230,000	17,187,400	0.38

#### 4. PARTICULARS OF THE IPO (Cont'd)

##### 4.9 Utilisation of Proceeds

We expect to raise gross proceeds of approximately RM14.53 million from the Public Issue and intend to use the proceeds as set out below:

	Section	(RM'000)	% of total proceeds	Expected utilisation period after our Listing
Business expansions	4.9.1	5,000	34.42	Within two (2) years
R&D expenditure	4.9.2	4,500	30.97	Within three (3) years
Capital expenditure	4.9.3	2,100	14.46	Within two (2) years
Working capital	4.9.5	827	5.69	Within three (3) years
Estimated listing expenses	4.9.6	2,100	14.46	Upon completion of our Listing
		<u>14,527</u>	<u>100.00</u>	

We will bear all expenses and fees incidental to the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities, which include underwriting commission, brokerage, professional fees, authorities' fees, advertising and other fees, the aggregate of which is estimated to be RM2.10 million.

The Offer for Sale will raise gross proceeds of RM2.66 million. All the proceeds from the Offer for Sale will accrue to the Selling Shareholder and we will not receive any of the proceeds. The Selling Shareholder shall bear all expenses such as placement fee, management fee, brokerage, registration fee and share transfer fee relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.08 million.

There is no minimum subscription to be raised from the Public Issue as all the Public Issue Shares, save for the 28,000,000 Shares to be placed out to identified investors, are fully underwritten.

##### 4.9.1 Business expansions

We intend to undertake business expansions via strategic investments to expand our customer base and further expand our presence locally, as well as in our present primary export markets, namely Thailand, Indonesia, China and the Philippines, as we believe that these countries have huge potentials considering these countries have strong manufacturing bases that are major contributors to their GDP. We expect to have a presence in each of these countries by 2012.

We propose to allocate RM2.50 million of the total gross proceeds from the Public Issue to fund such expansions to strengthen our resources in the above-mentioned countries. The allocated amount will be utilised to fund the establishment of regional offices, such as rentals, deposits, renovations, equipment, and furniture and fittings, as well as for travelling expenses, recruitment expenses, staff remuneration, etc.

Please refer to Section 7.19 of this Prospectus for further information on our intended business expansion.

In addition to the above, we also propose to allocate RM2.50 million of the total gross proceeds from the Public Issue for our Group's marketing and promotional activities, both locally and abroad. In the past, we have mainly relied on word-of-mouth promotions and our sales team's networking efforts and cold calls. In order to gain a bigger market share, we intend to adopt a more aggressive marketing strategy by advertising in both printed and internet media, conducting workshops, branding via roadshows and participating in events and exhibitions carried out by industrial organisations.

#### 4. PARTICULARS OF THE IPO (Cont'd)

In the event that the total actual cost exceeds the amount of proceeds allocated for this purpose, we will fund the difference from the amount allocated for working capital and/or internally-generated funds. Conversely, in the event that the amount of proceeds allocated exceeds total actual costs, the excess amount will be utilised for working capital purposes.

##### 4.9.2 R&D expenditure

We also propose to allocate RM4.50 million of the gross proceeds from the Public Issue for the funding of our R&D activities. The amount allocated will be utilised for the payment of the salaries of our existing R&D staff, the recruitment of new R&D staff and for trainings and resources to be provided to the R&D team. With the generally rapid rate of technological advances in the IT industry, we have to ensure that our R&D team is well-equipped with the necessary skills and knowledge. Hence, we plan to constantly allow our R&D team to attend trainings that will be conducted both internally and externally, as well as sponsoring them in obtaining relevant certifications.

We have plans to conduct R&D on the development of new products such as Test CAPS, iPASS Test LIP and iConnect, as well as solutions for process/discrete manufacturing industries and the plantation industry as mentioned in Sections 7.19.1 and 7.19.2 of this Prospectus, as well as on the improvement of our existing products. We continuously carry out R&D work to enhance and improve our existing range of manufacturing software solutions, such as the expansion of features, data remodelling and the enabling of web-based solutions, to ensure that our solutions provided are current and updated.

The amount allocated is expected to be utilised in the following manner:

	Staff remuneration (RM'000)	Training and resources (RM'000)	Total (RM'000)
Test CAPS	700	300	1,000
iPASS Test LIP	750	250	1,000
Solutions for process/discrete manufacturing	300	200	500
Solutions for the plantation industry	300	200	500
iConnect	450	50	500
Existing products	700	300	1,000
	<u>3,200</u>	<u>1,300</u>	<u>4,500</u>

In the event that the total actual cost exceeds the amount of proceeds allocated for this purpose, we will fund the difference via internally-generated funds. Conversely, in the event that the amount of proceeds allocated exceeds total actual costs, the excess amount will be utilised for potential business expansions.

##### 4.9.3 Capital expenditure

We had, on 30 June 2011, entered into a sale and purchase agreement with Sierra Peninsular Development Sdn Bhd to acquire an eight-storey office unit with a built-up area of approximately 14,021 square feet located in Icon City, Petaling Jaya for a total purchase consideration of RM10.50 million. We intend to allocate RM2.10 million of the total gross proceeds from the Public Issue to fund 20% of the purchase consideration and the remaining 80% or RM8.40 million will be funded via bank borrowing.

#### 4. PARTICULARS OF THE IPO (Cont'd)

The need for a new property arises as we are presently located in various locations in Dataran Prima, Petaling Jaya. Our management is of the opinion that we require additional space to cater for our future growth and that our Group's operations, other than the R&D activities carried out at our offices located at Cyberjaya and Ipoh, should be consolidated within a single building, which would also serve to improve efficiency and convenience.

The construction of Icon City is only expected to be completed by 2014. Pursuant to our shift to this new property, our present properties will either be rented out or disposed.

In the event that the total actual cost exceeds the amount of proceeds allocated for this purpose, we will fund the difference from the amount allocated for working capital and/or internally-generated funds. Conversely, in the event that the amount of proceeds allocated exceeds total actual costs, the excess amount will be utilised for working capital purposes.

##### 4.9.4 Working capital

With the planned expansions and expected business growth of our Group, we propose to set aside approximately RM0.83 million of the total gross proceeds from the Public Issue to strengthen our position with adequate levels of working capital to support our day-to-day operations such as purchases, payment of staff salaries and administrative costs, and overhead and utilities expenses.

##### 4.9.5 Estimated listing expenses

The estimated listing expenses for the listing of and quotation for our enlarged issued and paid-up share capital on the ACE Market of Bursa Securities are set out as follows:

	(RM'000)
Professional fees <sup>(1)</sup>	1,300
Regulatory authorities' fees	66
Underwriting/Placement/Brokerage fees	440
Printing and advertising fees	120
Issuing house expenses	120
Miscellaneous <sup>(2)</sup>	54
<b>TOTAL</b>	<u>2,100</u>

*Notes:*

- (1) *Includes fees for, among others, the Principal Adviser, Solicitors, Reporting Accountants, Independent Business and Market Research Consultants and company secretarial matters.*
- (2) *Other incidental or related expenses in connection with the Flotation Exercise.*
- (3) *Any unutilised amount shall be used for our Group's working capital purposes.*

In the event of an excess/deficit in the actual quantum of listing expenses, such amount will be adjusted against the amount allocated for working capital accordingly.

##### Underwriting commission

OSK, as our Underwriter has agreed to underwrite 10,230,000 Public Issue Shares. We are obligated to pay our Underwriter an underwriting commission at the rate of 2% of the IPO Price.

#### 4. PARTICULARS OF THE IPO (Cont'd)

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##### **Placement fees**

We are obligated to pay OSK, as our Placement Agent a placement fee at the rate of 2% of the IPO Price for Shares to be placed out to investors identified by our Placement Agent, and a placement fee at the rate of 0.50% of the IPO Price for Shares to be placed out to investors identified by our Group.

##### **Brokerage fees**

Brokerage is payable in respect of the Public Issue Shares at the rate of 1% of the IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or Issuing House. No brokerage is payable on the Public Issue Shares to be placed out by our Placement Agent.

Pending the utilisation of the proceeds raised from the Public Issue as mentioned above, the funds will be placed in short-term deposits with financial institutions, used to invest in short-term money market instruments and/or used for working capital requirements as our Directors may deem appropriate.

The pro forma impact of the utilisation of proceeds on our consolidated statements of financial position as at 30 April 2011 is reflected in Section 13 of this Prospectus.

#### **4.10 Salient Terms of the Underwriting Agreement**

We had, on 13 October 2011, entered into an Underwriting Agreement with OSK, whereby OSK had agreed to underwrite 10,230,000 Public Issue Shares at the IPO Price based on some of the salient terms set out below.

The following salient terms are extracted from the Underwriting Agreement. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as prescribed thereto in the Underwriting Agreement:

#### **4. CONDITIONS**

##### **4.1 Details**

*The obligation of the Underwriter to underwrite the Underwritten Shares under this Agreement is conditional on the performance by the Company of its obligations under this Agreement and conditional on the following:*

*4.1.1 The Underwriter receiving certificates in the form or substantially in the form contained in Schedule 1 (Certificate by Company) of this Agreement, one dated the date of registration of the Prospectus, and the other dated the Closing Date, both of which are to be signed by the Managing Director of the Company (on behalf of the Board) stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 9 (Representations, Warranties and Undertakings) of this Agreement and being provided with the reports or confirmation and being satisfied at the date of registration of the Prospectus and Closing Date respectively that:*

*4.1.1.1 there is no occurrence of any material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole subsequent to the Agreement Date; and*

**4. PARTICULARS OF THE IPO (Cont'd)**

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- 4.1.1.2 *there is no occurrence of any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings in Clause 9 (Representations, Warranties and Undertakings) materially untrue or inaccurate or result in a material breach of this Agreement by the Company;*
- 4.1.2 *This Agreement being signed by the relevant authorized signatories to this Agreement and stamped within the statutory time frame;*
- 4.1.3 *The issue of the Prospectus not later than two (2) month(s) from the Agreement Date or such later date as the Underwriter and the Company may from time to time agree in writing;*
- 4.1.4 *The registration of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO with the SC and its lodgement with the ROC by the Issue Date;*
- 4.1.5 *All necessary approvals obtained remain in full force and effect and that all conditions to the approvals (except for any which can only be complied with after the IPO has been completed (if any)) have been complied with;*
- 4.1.6 *The approval-in-principle of Bursa Securities for the admission of the Company to the Official List and the listing of and quotation for its entire issued and paid-up share capital on the ACE Market being obtained within six (6) weeks from the date of the Prospectus (or such longer period as may be specified by the SC) and on terms acceptable to the Underwriter and the approvals of the Bursa Securities and SC remaining in full force and effect and that all conditions (except for any which can only be complied with after the IPO has been completed (if any)) have been complied with;*
- 4.1.7 *The Underwriter being satisfied that the Company will, following completion of the IPO be admitted to the Official List and its issued and paid-up share capital listed and quoted on the ACE Market without undue delay;*
- 4.1.8 *The Underwriter receiving a copy duly certified by a director or secretary of the Company to be a true and accurate copy and in full force and effect, of a resolution of the Directors:*
- 4.1.8.1 *approving the Prospectus, this Agreement and the transactions contemplated by it;*
- 4.1.8.2 *authorizing the issuance of the Prospectus; and*
- 4.1.8.3 *authorizing a person to sign and deliver this Agreement on behalf of the Company;*
- 4.1.9 *The IPO not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia and all consents, approvals, authorizations or other orders required by the Company under such laws for or in connection with the IPO and/or listing of and quotation for the entire issued and paid-up share capital of the Company on the ACE Market have been obtained and are in force up to the Closing Date; and*
- 4.1.10 *The Underwriter being satisfied that the Company has complied with and that the IPO is in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements to it.*



**4. PARTICULARS OF THE IPO (Cont'd)**

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**4.2 Waiver**

*The Underwriter may, without prejudice to its power, rights and remedies under this Agreement, waive all or any of the Conditions except for those required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with this Agreement.*

**4.3 Non-satisfaction**

*If:*

**4.3.1 By Issue Date**

*In the event any of the conditions set out in Clause 4.1.2, Clause 4.1.3 or Clause 4.1.8 (to the extent not waived) are not satisfied by the Issue Date;*

**4.3.2 By Closing Date**

*Any of the Conditions other than those referred to in Clause 4.3.1 (By Issue Date) to the extent not waived are not satisfied by the Closing Date;*

*the Underwriter shall be entitled to terminate this Agreement and in such event the provisions of Clause 12 (Termination) shall apply. The parties hereto shall be released and discharged from their respective obligations hereunder and this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save for any antecedent breaches. For the avoidance of doubt, no Underwriting Commission as stipulated under Clause 8 (Fees and Commission) shall be payable by the Company to the Underwriter if this Agreement is terminated by the Underwriter due to reason(s) of this Clause 4.3.*

**12. Termination**

*12.1 Notwithstanding anything contained in this Agreement, the Underwriter may after consultation with the Company in such manner as the Underwriter shall reasonably determine by notice in writing to the Company given at any time before the Underwriter is discharged or required to carry out its obligation under Clause 7 (Underwriting Obligation), terminate and withdraw its Underwriting Commitment upon the occurrence of any of the following:*

*12.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 9 (Representations, Warranties and Undertakings) or which is contained in any certificate, statement or notice under or in connection with this Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice of such breach given to the Company by the Underwriter or by the Closing Date, whichever is the earlier; or*

*12.1.2 there is failure on the part of the Company to perform any of its obligations contained in this Agreement; or*

*12.1.3 there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the Shares issued or offered under the IPO; or*

*12.1.4 there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group; or*

#### 4. PARTICULARS OF THE IPO (Cont'd)

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- 12.1.5 *the Closing Date of the application of the IPO Shares does not occur within three (3) months from the Agreement Date, subject to the extension of Closing Date which is approved by the Underwriter.*
- 12.1.6 *the occurrence of any force majeure event including, but not limited to the following:*
- 12.1.6.1 *any material adverse change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or currency exchange rates or the occurrence of any combination of any of the foregoing which would prejudice the IPO; or*
  - 12.1.6.2 *any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have material adverse effect on the Group; or*
  - 12.1.6.3 *any event or series of events beyond the reasonable control of the Underwriter including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock-outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which has or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to the IPO or pursuant to the underwriting of the Underwritten Shares; or*
  - 12.1.6.4 *any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise;*
  - 12.1.6.5 *any material adverse change in financial conditions as stated in Clause 12.1.6.1 above to include stock market conditions and interest rates. For this purpose, a material adverse change in the stock market condition shall mean the Kuala Lumpur Composite Index of Bursa Securities has dropped 20% between its index level on or after the Agreement Date and prior to the Listing Date (both dates inclusive); or*
  - 12.1.6.6 *any government requisition or occurrence of any other nature which materially and adversely affect or will materially or adversely affect the business and/or financial position of the Group.*
- 12.1.7 *in the event that the listing of and quotation for the entire issued and paid up share capital of the Company on the ACE Market is withdrawn or not procured or procured but subject to conditions not acceptable to the Underwriter;*

*which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group, the success of the IPO, or the listing of the Company on the ACE Market or market conditions generally or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.*

**4. PARTICULARS OF THE IPO (Cont'd)**

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- 12.2. *Upon the notice as described in Clause 12.1 (Termination) being given, the Underwriter shall be released and discharged of its obligation without prejudice to its rights under this Agreement, and where the Underwriter has terminated or withdrawn its Underwriting Commitment pursuant to Clause 12.1 (Termination), this Agreement shall be of no further force or effect and no party shall be under any liability to any other parties in respect of this Agreement, except the following:*
- 12.2.1 *the Company shall pay the Underwriting Commission in accordance with Clause 8 (Fees and Commission) upon the occurrence of Clauses 12.1.1, 12.1.2, 12.1.3, 12.1.4, 12.1.5 and 12.1.7 above. For avoidance of doubt, no Underwriting Commission shall be payable upon the occurrence of Clauses 4.3, 12.1.6 and 21.2.2 below;*
- 12.2.2 *the Company shall pay the costs and expenses as described in and in accordance with Clause 10 (Costs and Expenses) (including those incurred in the event the Closing Date is extended) upon the occurrence of any of the events specified in Clauses 4.3, 12.1.1 to 12.1.7 and 12.4 or in the event of non-occurrence of Listing under Clause 21.*
- 12.2.3 *the Company shall continue to be liable to indemnify the Underwriter pursuant to Clauses 9.3 and 9.4 (Representations, Warranties and Undertakings).*
- 12.3 *For the avoidance of doubt, upon the occurrence of any force majeure events as described in Clause 12.1.6 above, the costs and expenses as described in Clause 10 (Costs and Expenses) shall remain payable.*
- 12.4 *In the event of a unilateral termination of this Agreement by the Company for reasons not attributable to the Underwriter's wilful default and where there was no breach of representations, warranties or undertakings by the Underwriter as described in this Agreement, the full Underwriting Commission as well as the costs and expenses referred to in Clause 10 (Costs and Expenses) shall be payable by the Company to the Underwriter.*

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## 5. RISK FACTORS

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*Notwithstanding the prospects of our Group as outlined in this Prospectus, our business is subject to a number of risk factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider the risk factors set out below (which may not be exhaustive) that may have a significant impact on the future performance of our Group, together with other information contained in this Prospectus.*

*If you are unsure about any of the information contained under this Section on "Risk Factors", you should consult your stockbroker, bank manager, solicitors, accountant or other professional adviser.*

### 5.1 Risks Relating to the IPO

#### 5.1.1 No prior market for iDimension's Shares

There has been no public market for our Shares prior to the IPO. Hence, there is no assurance that an active market for iDimension Shares will be developed or be sustained upon our Listing.

We have received approval from Bursa Securities to have our Shares listed and quoted on the ACE Market of Bursa Securities. The listing of and quotation for our Shares do not, however, guarantee that a trading market for our Shares will develop or, if a market does develop, that the liquidity of that market for our Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares. Therefore, we cannot predict whether a trading market for our Shares will develop or how liquid that market might become.

There also can be no assurance that the IPO Price which has been determined after taking into consideration of the factors as set out in Section 4.6 of this Prospectus will correspond to the price at which our Shares will be traded on the ACE Market of Bursa Securities upon or subsequent to our Listing.

#### 5.1.2 Volatility of share prices

There is no guarantee that the market price of our Shares will not fall below the IPO Price. In fact, the market price of our Shares may be highly volatile and could be subject to wide fluctuations. The following factors, inter alia, some of which are beyond our control, should be considered in evaluating our Shares:

- (a) Our operating results;
- (b) Outcome from the implementation of our various business and growth strategies;
- (c) Investment analysts' recommendations on our Shares;
- (d) Announcements of developments relating to the operations of our business;
- (e) Industry conditions relating to our Group;
- (f) General economic conditions or stock markets sentiments; and
- (g) Changes in our key management and technical personnel.

In recent years, the stock market has been experiencing extreme fluctuations which are often unrelated to the operating performance of the company. Not only would such fluctuation affect the share price of our Shares, it may dampen confidence among investors.

## 5. RISK FACTORS *(Cont'd)*

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### 5.1.3 Possible delay in or abortion of our Listing

Amongst others, our listing is exposed to the risk of delay, and thereafter potential failure should the following events occur:

- (a) our eligible employees and business associates fail to subscribe to the portion of Public Issue Shares allocated to them;
- (b) our Company or Underwriter fails to honour its obligation under the Underwriting Agreement;
- (c) our Underwriter, in honouring its obligations, becomes a substantial shareholder of our Company;
- (d) the identified investors fail to acquire the portion of the Public Issue Shares allotted to them; and
- (e) our Group is unable to meet the public spread requirements of Bursa Securities, whereby at least 25% of our issued and paid-up capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each, at the time of Listing.

In the event of such delay resulting in the abortion of our Listing, we will return in full, without interest, monies paid in respect of all applications, in compliance with Section 243(2) of the CMSA.

Nevertheless, we will endeavour to ensure compliance of the listing requirements for our successful listing on Bursa Securities.

## 5.2 Risks Relating to the Industry that we Operate in

### 5.2.1 Competition

We face constant competition from other IT operators involved in software development and provision of software solutions, which provide the similar solutions as we do.

According to MDeC, there are currently approximately 1,150 MSC status companies involved in software development. Operators in the IT industry in Malaysia also face competition from operators based overseas who have either set-up their operations or established partners or agents for their products and services locally.

In addition, set-up costs generally represent a low barrier to entry for a new entrant that wishes to operate as a developer and/or provider of software solutions for the manufacturing sector as the tools needed to develop or provide software are computer hardware and software, which are relatively low cost.

*(Source: Independent Assessment of the IT Industry Focusing on the Development and Provision of Manufacturing Software Solutions, particularly for the Semiconductor Industry prepared by Vital Factor Consulting Sdn Bhd)*

To differentiate ourselves from our competitors, our R&D team works hard to provide fully integrated solutions that integrate ERP, MES and APS as well as other manufacturing related software, to provide a one-stop solution centre for our customers.

## 5. RISK FACTORS (Cont'd)

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### 5.2.2 Technological advances

The generally rapid rate of technological advances in the IT industry may lead to obsolescence of our manufacturing software solutions. There is a risk that demand for our manufacturing software solutions may decline as competitors develop and introduce newer software solutions, or software solutions with better features and functionalities.

We are in a strong position to adapt to ongoing advances in technology as we have our own in-house software development capabilities, and have developed a range of proprietary manufacturing software solutions. We have developed both complete solutions, and add-on modules to third party software. We are free to further develop and enhance our manufacturing software solutions, as we own the rights to these products. Our in-house software development capabilities also enable us to develop new manufacturing software solutions to meet changes in the marketplace.

Nevertheless, there is no assurance that we will be able to continue to adapt to ongoing advances in technology and market needs.

### 5.2.3 Availability of freeware

Freeware is software that users can legally use without paying any fee to the owner of the software's intellectual property rights. The ready availability of freeware is a risk to companies, including our Group, who charge a fee to users for the use of their software solutions.

In general, the range of freeware that is currently available is limited to more basic applications. Developers of freeware are typically unable to provide users with value-added services such as consulting services, customisation, or to offer managed services and extensive technical support.

Freeware is generally not an attractive proposition for business users who wish to implement some sort of software solutions for the manufacturing sector, as these solutions must be customised to suit the specific needs of an organisation or manufacturing plant. As a result, these software solutions require some degree of consultation between the software developer and the user, customisation, installation, user training, and assurance of after-sales technical support, enhancements, modifications and maintenance services. These services are usually not available with freeware.

Nevertheless, there is no assurance that freeware will not become a risk to our business in the future.

### 5.2.4 Software piracy

Software can be easily copied, replicated and distributed. Unauthorised copying, replication and distribution denies the owners of the software, such as our Group, revenue that is due, and may have a negative effect on their financial performance.

The risk arising from software piracy is less intense for operators who develop software solutions for the manufacturing sector, as these solutions must be customised to suit the specific needs of an organisation or manufacturing plant. Successfully deploying software solutions for the manufacturing sector requires some degree of consultation between the software developer and the user, customisation, installation and user training. Users will also require after-sales technical support, enhancements, modifications and maintenance services. These services are usually not available with pirated software.

## 5. RISK FACTORS (Cont'd)

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Nevertheless, there is no assurance that software piracy will not become a risk to our business in the future.

### 5.3 Risks Relating to our Operations

#### 5.3.1 Dependence on the semiconductor industry

Our current software solutions mainly cater for the manufacturing sector, where we have a strong focus on the semiconductor industry. The semiconductor industry accounted for approximately 57.06% of our Group's revenue for the FYE 31 December 2010 and approximately 56.90% of our Group's revenue for the 4-month FPE 30 April 2011. The decline in revenue contribution from this industry is evidence of our Group's efforts to diversify revenue. However, any adverse economic situation in this industry will affect our Group's financial performance.

To mitigate this, our marketing department is constantly exploring new market areas. In 2009 and 2010, we managed to secure new customers in the aviation, oil and gas, and tyre trading industries. We have been developing software solutions to serve a wider range of user industries, including process manufacturing and discrete manufacturing industries, as well as the plantation industry. This will serve to broaden and enlarge our customer base.

#### 5.3.2 Dependence on major customer

Our Group's business may be dependent on the Unisem group of companies, which consists of Unisem (M) Berhad and its subsidiaries, namely Unisem Chengdu Co., Ltd and PT Unisem (collectively known as the "Unisem Group"), by virtue of the Unisem Group's contribution to our revenue. The Unisem Group has collectively accounted for approximately 55.08% of our Group's total revenue for the FYE 31 December 2010, and approximately 31.46% of our Group's total revenue for the 4-month FPE 30 April 2011. There is a risk that losing one or more members of the Unisem Group as customers will have a negative effect on our financial performance.

Our dependence on the Unisem Group as a customer is partly mitigated by the fact that the solutions that we provide to them are developed in-house and are proprietary to our Group. As a result, the Unisem Group has to purchase these solutions from us. Further, the solutions provided to them have formed an integral part of their current manufacturing operations and we have been providing them with continuous support to ensure smooth running of their operations. Thus, the Unisem Group may incur switching costs should they decide to adopt other solutions. It should also be noted that the Unisem Group has been our customer since 2004 and we continue to maintain a strong and close relationship with them.

There is also a risk that one or more members of the Unisem Group may cease investing in new solutions. In such instance, we will not be able to generate additional revenue from the Unisem Group but will be providing them with our maintenance services.

Nevertheless, it should be noted that although revenue contribution from the Unisem Group had increased from RM5.25 million in the FYE 31 December 2008 to RM8.23 million in the FYE 31 December 2010, its contribution in terms of percentage to our revenue had declined from 68.29% to 55.08%. In addition, we are also constantly exploring new market areas and developing software solutions to serve a wider range of user industries, while still maintaining our competitive advantage in the semiconductor industry.

## 5. RISK FACTORS (Cont'd)

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Nevertheless, there is no assurance that the Unisem Group will continue to be our customer in the future.

### 5.3.3 Dependence on major suppliers

Our business is somewhat dependent on our three (3) largest suppliers, Siemens Product Lifecycle Management Software (SG) Pte Ltd ("**Siemens**"), Microsoft Regional Sales Corporation ("**Microsoft**") and Datanet Quality Systems ("**Datanet**") by virtue of our considerable volume of purchases from them.

Siemens accounted for approximately 22.38% of our total purchases for the FYE 31 December 2010, and approximately 7.04% of our total purchases for the 4-month FPE 30 April 2011. In recognition of this, iSystems was recognised as a partner by Siemens for Singapore, Malaysia, Indonesia, the Philippines and Vietnam in 2008. Furthermore, Siemens has been a supplier since 2007, which is a relatively long period of time as our Group was founded in 2001.

Microsoft accounted for approximately 33.43% of our total purchases for the FYE 31 December 2010, and approximately 80.74% of our total purchases for the 4-month FPE 30 April 2011. In recognition of this, iSystems was recognised as a Microsoft Certified Partner for Malaysia in 2007, and iSystems joined Microsoft's President's Club in 2008. Furthermore, Microsoft has been a supplier since 2006, which is a relatively long period of time.

Datanet accounted for approximately 11.16% of our total purchases for the FYE 31 December 2010, and approximately 3.33% of our total purchases for the 4-month FPE 30 April 2011. Datanet has been a supplier since 2001, which is a relatively long period of time.

We have entered into agreements with Siemens and Microsoft for provision of software products. These agreements are referred to in Section 7.12.3 of this Prospectus. Such agreements are subject to renewal. The current agreement with Siemens will be expiring on 30 June 2012, while the current agreement with Microsoft will be expiring on 31 July 2013. It should be highlighted that the agreement with Siemens will automatically be extended for successive one-year periods unless terminated by either party at least 60 days prior to the end of each 12 month period.

If there is a termination of our relationship with Datanet due to unforeseen circumstances, and/or a termination or the failure to renew any of our agreements with Siemens and Microsoft, as well as any unfavourable change to the existing terms of the agreements, especially in relation to the fees, may adversely affect the operations and financial performance of our Group. We may lose privileges in terms of software fee as well as the partnership support provided by these suppliers in the respective sales. We may be able to source for alternative suppliers for the products provided to us by the above-mentioned major suppliers, but this may result in us incurring higher costs.

Nevertheless, as an active partner of the suppliers, we believe the risk of termination is low. Further, our Group has our own proprietary products and services which are expected to contribute further to our Group's sales going forward.

### 5.3.4 Dependence on our Directors, key management and technical personnel

Our success depends to a significant extent upon the continued employment and performance of our key management and technical personnel as well as the networking of our Directors. The loss of any such personnel may affect our operations and performance.



**5. RISK FACTORS (Cont'd)**

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Our future success also depends to a large extent on our skilled and competent IT knowledge workers. The IT industry is presently experiencing a short supply in experienced knowledge workers such as software developers, software engineers, solutions architects and database administrators. Hence, there can be no assurance that we will be successful in retaining or attracting the personnel we require.

**5.3.5 Changes in or loss of MSC status**

Two (2) of our subsidiaries, namely iMSC and OS Solutions, were granted MSC status by MDeC in 2005 and 2006 respectively. The status accords both companies with certain incentives granted under the MSC Malaysia Bill of Guarantees, which includes five (5)-year income tax exemption. The status is renewable for another five (5) years. MDeC had, vide its letter dated 14 September 2011, approved the pioneer status of iMSC for another five (5)-year period and iMSC is presently pending formal notification of the approval from MITI. An application has been submitted on 27 June 2011 by OS Solutions for the renewal of its pioneer status to enjoy the tax exemption and is presently pending approval.

MDeC is the body that governs and monitors all MSC status designated companies and has the right to revoke any company's MSC status in the event of non-compliance of any term or condition imposed by MDeC. If the MSC status and/or pioneer status granted are revoked or not renewed in either iMSC or OS Solutions, our Group's financial performance, particularly the PAT, will be adversely affected.

Nevertheless, our Group will continue to adopt prudent management policies to ensure our business activities are in compliance with the conditions imposed by MDeC and to minimise the risk of losing the MSC status in both iMSC and OS Solutions.

**5.3.6 Control by substantial shareholders**

Upon completion of our IPO, our substantial shareholders, namely Daniel Boo and Pang Lee Fung will collectively hold approximately 57.01% of the enlarged issued and paid-up share capital of our Company. They will be able to control the outcome of most matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

**5.3.7 Risks of expanding into foreign markets**

We have plans to utilise part of our listing proceeds to grow and expand our business in foreign markets such as Thailand, Indonesia, China and the Philippines. Presently, we pursue customers in foreign markets such as the Philippines and China by collaborating with strategic partners whom, we believe, have the necessary business experience and the understanding of culture in those countries to conduct business there. Our strategic partners are companies appointed on a project basis to follow up on sales leads with potential customers, and local consultants who are able to provide their expertise in implementing projects. Our planned future ventures as set out in Section 7.19 of this Prospectus are subject to business risks in markets which we may not be familiar with. Our business, financial condition and operating results may be affected if we fail to assess these risks accurately.

However, our Board will exercise prudence and care to ensure that proper plans are in place when carrying out our business expansion plans.

## 5. RISK FACTORS (Cont'd)

### 5.3.8 Exposure to foreign exchange

Our Group is exposed to foreign exchange risks through our purchases of software from countries such as Singapore and the United States of America, which are denominated mainly in USD. Further, our Group's revenue from our overseas markets is also denominated mainly in USD and SGD. Our business is therefore exposed to foreign exchange risks, mainly from the fluctuations of the said currencies.

Our gains/losses on foreign exchange for the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011 are set out as follows:

	FYE 31 December			FPE 30 April
	2008	2009	2010	2011
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Gain/(loss) on foreign exchange *	259	(153)	(493)	(45)

Note:

\* Inclusive of realised and unrealised gain or loss.

The following is the breakdown of our revenue and purchases transacted in local and foreign currencies during the FYE 31 December 2010 and 4-month FPE 30 April 2011:

Currency	FYE 31 December 2010				FPE 30 April 2011			
	Revenue		Purchases		Revenue		Purchases	
	Amount (RM'000)	Proportion of Group's revenue (%)	Amount (RM'000)	Proportion of Group's purchases (%)	Amount (RM'000)	Proportion of Group's revenue (%)	Amount (RM'000)	Proportion of Group's purchases (%)
RM	3,712	24.83	398	22.20	3,799	68.40	39	7.22
USD	9,693	64.84	384	21.42	1,252	22.54	27	5.00
SGD	1,545	10.33	1,011	56.38	503	9.06	474	87.78
Total	14,950	100.00	1,793	100.00	5,554	100.00	540	100.00

Our foreign currency sales and purchases provide a partial natural hedge against the fluctuations in foreign exchange. In addition, we maintain part of our cash and bank balances, as well as fixed deposits, in foreign currency accounts, mainly in USD, to meet our future obligations in foreign currencies.

Nevertheless, there can be no assurance that any future material fluctuations in exchange rates will not have an impact on our financial performance.

## 5.4 Other Risks

### 5.4.1 Political, economical and regulatory factors that are beyond our control

Any adverse political, economic and regulatory condition in Malaysia and other countries where we operate in or source our supplies, could materially and adversely affect our financial and business prospects. Among these factors that are beyond our control are war, expropriation, nationalisation, changes in government policies, changes in interest rates, methods of taxation and incentives, and currency exchange controls.

**5. RISK FACTORS (Cont'd)**

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Although we will continue to take effective measures such as financial management and efficient operating procedures, there can be no assurance that any adverse political, economic and regulatory condition will not materially affect our operations.

**5.4.2 Actual results, performance and/or achievements may vary significantly from those expressed or implied in forward-looking statements**

Other than statements of historical fact, this Prospectus contains forward-looking statements. These include, without limitation, those regarding our financial position, business strategies, plans and objectives of the management for future operations. However, these forward-looking statements are subject to uncertainties and contingencies which may differ from the actual results.

It should be noted that all forward-looking statements are based on estimates and assumptions made by our Directors. Whilst believed to be reasonable, they are subjected to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements.

Factors such as general economic and business conditions, competition, the impact of new laws and regulations and changes in interest rates could potentially affect us and the industries in which we operate in. Therefore, we wish to caution you that the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by our advisers or us on the achievability of our future plans and objectives.

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## 6. INFORMATION ON OUR GROUP

### 6.1 Information on iDimension

#### 6.1.1 Background and history

We were incorporated in Malaysia on 20 December 2010 under the Act as a public limited company under the name iDimension Consolidated Bhd for the purpose of implementing the listing exercise as set out in Section 10 of this Prospectus.

#### 6.1.2 Principal activity and products/services

We are principally an investment holding company.

#### 6.1.3 Share capital and changes in share capital

As at LPD, our authorised and issued and paid-up share capital are set out as follows:

	Number of Shares	Par value (RM)	Amount (RM)
Authorised	500,000,000	0.10	50,000,000
Issued and fully paid-up	103,770,000	0.10	10,377,000

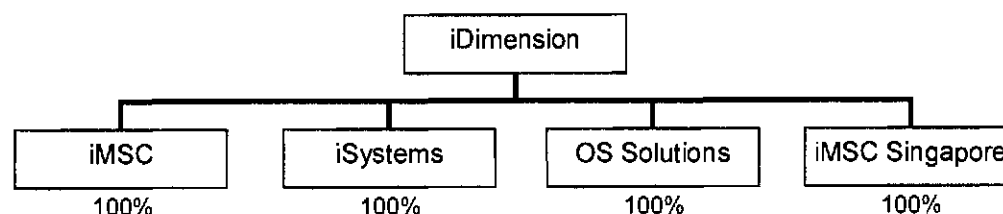
Details of the changes in our issued and paid-up share capital since incorporation until the date of this Prospectus are set out as follows:

Date	Number of shares	Par value (RM)	Consideration	Total (RM)
20 December 2010	20	0.10	Subscriber's shares	2
21 February 2011	101,636,730	0.10	Full purchase consideration for the Acquisition of iMSC	10,163,675
25 February 2011	2,133,250	0.10	Full purchase consideration for the Acquisition of iMSC Singapore	10,377,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in iDimension.

#### 6.1.4 Subsidiaries

As at LPD, the corporate structure of our Group is set out as follows:



## 6. INFORMATION ON OUR GROUP (Cont'd)

iDimension's principal activity is that of investment holding while the principal activity of its subsidiaries are set out as follows:

Name of company	Date and country of incorporation	Issued and paid-up share capital	Effective interest (%)	Principal activity
<b>Direct</b>				
iMSC	14 March 2005 Malaysia	RM85,002	100.00	Development and provision of software solutions and maintenance services
iSystems	10 April 2001 Malaysia	RM85,002	100.00	Provision and marketing of software solutions and maintenance services
OS Solutions	2 July 2004 Malaysia	RM100,000	100.00	Development and provision of software solutions and maintenance services
iMSC Singapore	12 January 2009 Singapore	SGD100	100.00	Sales and marketing of software solutions

As at LPD, we do not have any associates.

### 6.2 Information on iMSC

#### 6.2.1 Background and history

iMSC was incorporated in Malaysia on 14 March 2005 under the Act as a private limited company under the name Mighty Ingenious Sdn Bhd, and commenced its operations in the same year. On 30 November 2007, the company changed its name to iDimension MSC Sdn Bhd. iDimension acquired iMSC on 21 February 2011.

#### 6.2.2 Principal activity and products/services

iMSC is mainly responsible for the development and provision of software solutions and maintenance services within our Group.

#### 6.2.3 Substantial shareholder

As at LPD, iMSC is our wholly-owned subsidiary.

#### 6.2.4 Share capital and changes in share capital

As at LPD, iMSC's authorised and issued and paid-up share capital are set out as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	100,000	1.00	100,000
Issued and fully paid-up	85,002	1.00	85,002

## 6. INFORMATION ON OUR GROUP (Cont'd)

There has been no change in iMSC's issued and paid-up share capital over the last three (3) years up to the date of this Prospectus.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in iMSC.

### 6.2.5 Subsidiary and associate

As at LPD, iMSC does not have any subsidiary or associate.

## 6.3 Information on iSystems

### 6.3.1 Background and history

iSystems was incorporated in Malaysia on 10 April 2001 under the Act as a private limited company, and commenced operations in the same year. It was acquired by iMSC on 18 February 2008. iDimension acquired iSystems on 22 February 2011.

### 6.3.2 Principal activity and products/services

iSystems is mainly responsible for the sales and marketing of software solutions within our Group. It generally deals with the customers of our Group.

iSystems typically services our customer entirely if the customer only wishes to purchase software and/or requires straight forward maintenance jobs. However, if the customer requires further services such as customised solutions and/or heavy maintenance work, iSystems would pass on the project to either iMSC or OS Solutions for execution.

### 6.3.3 Substantial shareholder

As at LPD, iSystems is our wholly-owned subsidiary.

### 6.3.4 Share capital and changes in share capital

As at LPD, iSystems' authorised and issued and paid-up share capital are set out as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	100,000	1.00	100,000
Issued and fully paid-up	85,002	1.00	85,002

There has been no change in iSystems' issued and paid-up share capital over the last three (3) years up to the date of this Prospectus.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in iSystems.

### 6.3.5 Subsidiary and associate

As at LPD, iSystems does not have any subsidiary or associate.

## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.4 Information on OS Solutions

#### 6.4.1 Background and history

OS Solutions was incorporated in Malaysia on 2 July 2004 under the Act as a private limited company and commenced operations in the same year. It was acquired by iMSC on 9 April 2008. iDimension acquired OS Solutions on 22 February 2011.

#### 6.4.2 Principal activity and products/services

OS Solutions is mainly responsible for the development and provision of software solutions and maintenance services within our Group.

#### 6.4.3 Substantial shareholder

As at LPD, OS Solutions is our wholly-owned subsidiary.

#### 6.4.4 Share capital and changes in share capital

As at LPD, OS Solutions' authorised and issued and paid-up share capital are set out as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	100,000	1.00	100,000
Issued and fully paid-up	100,000	1.00	100,000

There has been no change in OS Solutions' issued and paid-up share capital over the last three (3) years up to the date of this Prospectus.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in OS Solutions.

#### 6.4.5 Subsidiary and associate

As at LPD, OS Solutions does not have any subsidiary or associate.

### 6.5 Information on iMSC Singapore

#### 6.5.1 Background and history

iMSC Singapore was incorporated in Singapore on 12 January 2009 under the Companies Act of Singapore as a private limited company. It commenced operations in the same year. iDimension acquired iMSC Singapore on 25 February 2011.

#### 6.5.2 Principal activity and products/services

iMSC Singapore is our Group's marketing arm in Singapore. iMSC Singapore is only represented by a virtual office however, and purchase orders received are executed by either iMSC or OS Solutions.

#### 6.5.3 Substantial shareholder

As at LPD, iMSC Singapore is our wholly-owned subsidiary.

**6. INFORMATION ON OUR GROUP (Cont'd)**

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**6.5.4 Share capital and changes in share capital**

As at LPD, iMSC Singapore's issued and paid-up share capital is set out as follows:

	Number of shares	Amount (SGD)
Issued and fully paid-up	100	100

The ordinary shares of iMSC Singapore have no par value and no authorised share capital. There has been no change in iMSC Singapore's issued and paid-up share capital since incorporation up to the date of this Prospectus.

**6.5.5 Subsidiary and associate**

As at LPD, iMSC Singapore does not have any subsidiary or associate.

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## 7. OUR BUSINESS

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### 7.1 Our History

We are primarily a manufacturing software solutions provider. We develop some of the software solutions in-house, while others are customised solutions that combine our in-house developed modules with third party software. We are also a value-added reseller of third party software solutions, providing value-added services which include consulting services, systems design, systems configuration, hardware, software and network installation, and commissioning.

Our current software solutions are for the manufacturing sector, where we have a strong focus on the semiconductor industry. Nevertheless, our manufacturing software solutions are flexible and can be customised for use in most manufacturing environments and operations. Presently, our software solutions have also been extended to customers involved in, amongst others, the manufacturing of handgloves, adhesives and electronic die cast components. Moving forward, we intend to develop software solutions that are targeted at process manufacturing and discrete manufacturing industries, and the plantation industry.

Since the incorporation of iSystems, we have made significant headways in exporting our software solutions. For the three (3) financial years up to the FYE 31 December 2010, exports ranged between 41.24% and 49.83% of our total revenue. Our ability to export our services is testament to the quality of our service and software solutions. Most importantly, it opens up a significantly larger global market to sustain our business growth.

The iDimension Group was started by our co-founders, Daniel Boo and Pang Lee Fung, with the incorporation of iSystems in 2001. Our initial business was primarily that of a value-added reseller of manufacturing software solutions targeted at high-technology consumer electronic goods and semiconductor manufacturers. In 2002, we were appointed as a Master Distributor of WinSPC products, a type of Windows-based SPC software, by DataNet Quality Systems for the Asia Pacific region. This is of significance to our Group as all enquiries and purchases of WinSPC products within the Asia Pacific region (excluding India and Australia) have to be done through us. Presently, other than Japan whereby we have appointed a reseller, we are the sole distributor of WinSPC products in the Asia Pacific region (excluding India and Australia).

Mighty Ingenious Sdn Bhd, now known as iMSC, was incorporated in 2005 and was granted MSC status in the same year. iMSC is currently involved in developing software products and solutions, namely iDynamics, iMES, iPASS, CAPS Assembly, iSPC, iRMS and iVMS.

We launched our APS solutions in 2005, marketed under the product name iPASS, and are optimised for semiconductor manufacturers.

We won our first major project with a front-end semiconductor manufacturer in 2005, when we were awarded an EA project by Silterra Malaysia Sdn Bhd. Silterra Malaysia Sdn Bhd is one of two front-end semiconductor manufacturers operating in Malaysia.

In 2006, we were awarded our first Computer Integrated Manufacturing (CIM) project, which integrates ERP, MES and APS, by Unisem Chengdu Co., Ltd, a subsidiary of Unisem (M) Berhad. Unisem (M) Berhad is a global provider of semiconductor assembly and test services.

We launched our in-house developed MES solutions in 2006. Our MES solutions are targeted at all sectors of manufacturing, and are designed to improve manufacturing efficiency by allowing users to collect data, monitor work-in-progress in real-time, execute work orders, and track machinery usage and status.

In 2007, iSystems was recognised as a Microsoft Certified Partner for Malaysia. We joined the Microsoft President's Club in 2008, which recognises partners with the highest overall performance, in addition to driving license revenue, new customer additions, support renewal and year-on-year growth.

## 7. OUR BUSINESS (Cont'd)

iMSC acquired OS Solutions in 2008. OS Solutions was granted MSC status earlier in 2006 and is currently involved in developing software products and solutions, mainly focusing on our proprietary MES solution, OTrack.

In 2008, iSystems was recognised as a partner by Siemens Product Lifecycle Management Software (SG) Pte Ltd for Singapore, Malaysia, Indonesia, the Philippines and Vietnam. In the same year, iSystems was also recognised as Miracom Inc's Best Partner in South East Asia.

iMSC Singapore was incorporated in 2009, and is our marketing arm for Singapore.

Our Managing Director, Daniel Boo, was one of the winners of the Asia Pacific Entrepreneurship Awards (APEA) Most Promising Entrepreneur Award 2009 for his outstanding and exemplary achievements in entrepreneurship. SME Magazine included iMSC on its SME100 Award 2009 list of fast moving companies. iMSC was also recognised as a leading technology company in the Deloitte Technology Fast500 Asia Pacific 2009 programme.

In 2010, MDeC granted iMSC a R&D grant of RM681,559. The R&D grant was in relation to our CAPS Assembly development project. To date, iMSC has received 75% of the grant, i.e. RM511,069. The remaining 25% will be received upon satisfactory verification by MDeC of at least three (3) intellectual property rights being created under the development of CAPS Assembly and applied to be registered for by iMSC. The creation of the intellectual property rights is presently in progress.

In 2010, iMSC had attained the following:

- (a) announced as the winner of the "Top 10 Outstanding SMEs" category at the Golden Bull Award 2010;
- (b) ranked third on the Enterprise 50 list in 2010, representing Malaysia's top 50 most enterprising privately-held companies for 2010; and
- (c) ranked 95 on the Deloitte Technology Fast500 Asia Pacific 2010 Ranking.

Since the incorporation of iSystems in 2001, we have successfully built up our expertise and capabilities with a primary focus on manufacturing software solutions. From our beginnings as value-added resellers of third party manufacturing software solutions, we have since progressed to become developers of our own proprietary manufacturing software solutions. We serve customers in both Malaysia and overseas countries such as Indonesia, Singapore, China, the United States of America, the Philippines, Japan and Thailand.

### 7.2 Our Key Achievements/ Milestones/ Awards

The following are some of the key milestones of our Group:

Year	Milestones
2001	Our Group was formed with the incorporation of iSystems.
2002	iSystems was appointed as a Master Distributor of WinSPC products in the Asia Pacific region.
2005	Mighty Ingenious Sdn Bhd, which is now known as iMSC, was incorporated.
2005	iMSC was granted MSC status.
2005	We were awarded our first major project with a front-end semiconductor manufacturer, Silterra Malaysia Sdn Bhd for an EA project.

## 7. OUR BUSINESS (Cont'd)

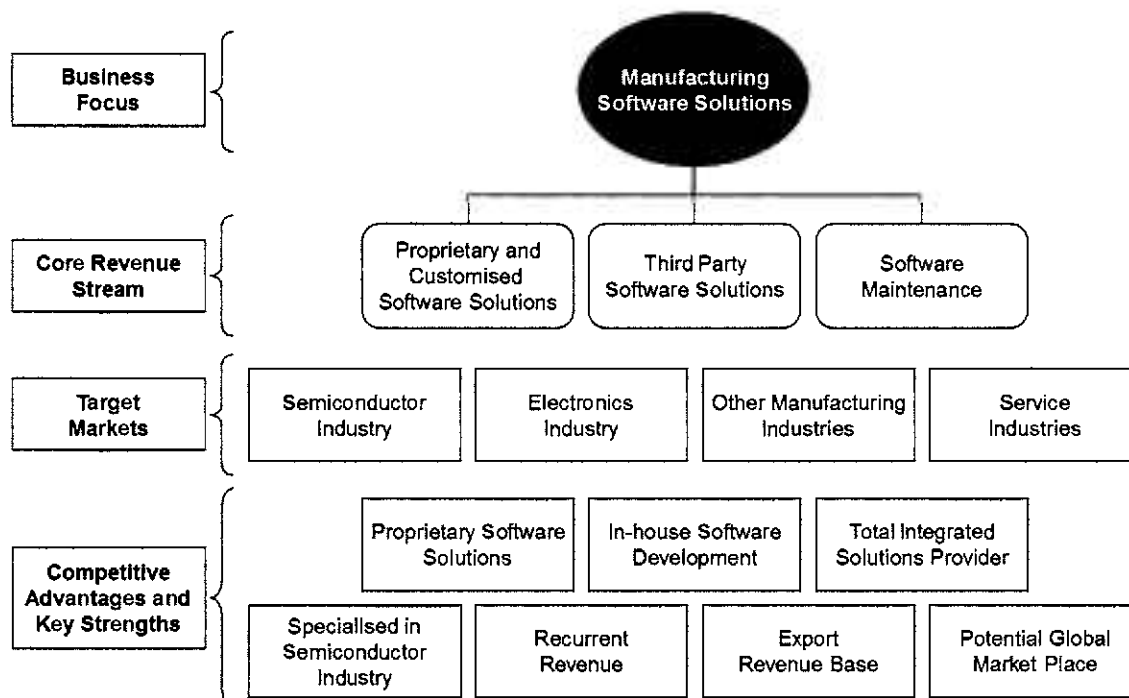
Year	Milestones
2005	We launched our APS solutions, under the product name iPASS, which are targeted at semiconductor manufacturers.
2006	OS Solutions was granted MSC status.
2006	We launched our MES solutions.
2006	We were awarded the CIM project for Unisem Chengdu Co., Ltd, a subsidiary of Unisem (M) Berhad.
2007	iSystems was recognised as a Microsoft Certified Partner for Malaysia.
2008	iMSC acquired OS Solutions
2008	iSystems was recognised as a partner by Siemens Product Lifecycle Management Software (SG) Pte Ltd for Singapore, Malaysia, Indonesia, the Philippines and Vietnam.
2008	iSystems was recognised as Miracom Inc's Best Partner in South East Asia.
2008	iSystems joined Microsoft's President's Club
2009	iMSC Singapore was incorporated.
2009	Our Managing Director, Daniel Boo, was one of the winners of the Asia Pacific Entrepreneurship Awards (APEA) Most Promising Entrepreneur Award 2009.
2009	iMSC was listed in SME & Entrepreneurship Magazine's SME100 Award 2009 list of fast moving companies.
2009	iMSC was listed on the Deloitte Fast 500 (Asia Pacific) list.
2010	MDeC awarded iMSC with an R&D grant of RM681,559 in relation to our CAPS Assembly development project.
2010	iMSC was announced as the winner of the "Top 10 Outstanding SMEs" category of the Golden Bull Award 2010.
2010	iMSC was ranked third on the Enterprise 50 list in 2010, representing Malaysia's top 50 most enterprising privately-held companies for 2010.
2010	iMSC was ranked 95 on the Deloitte Technology Fast500 Asia Pacific 2010 Ranking.

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## 7. OUR BUSINESS (Cont'd)

### 7.3 Our Business Model

Our Group's business model is depicted in the diagram below:



#### 7.3.1 Our business focus

Our current business focus is on the provision of a range of manufacturing software solutions.

#### 7.3.2 Our core revenue stream

Our core revenue stream is derived from the provision of proprietary, customised and third party software solutions, as well as maintenance of software systems.

Our proprietary software solutions are fully developed in-house, while customised software solutions incorporate our in-house developed modules combined with third party developed software.

We also distribute third party software solutions where we are responsible for marketing as well as implementing the software system.

As part of providing end-to-end solutions, we also undertake software maintenance, where we provide technical support for the software system that we provide and implement.

#### 7.3.3 Our target markets

Our current target customers are manufacturers in general. Nevertheless, we have developed specialised skills and software solutions that have enabled us to focus on the semiconductor industry.

## 7. OUR BUSINESS (Cont'd)

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Our software solutions and skills can also be used for most types of manufacturing businesses. Moving forward, we intend to expand our target markets to include process manufacturing and discrete manufacturing industries, and the plantation industry.

### 7.3.4 Our competitive advantages and key strengths

Our competitive advantages and key strengths are important in sustaining our business as well as providing us with future business growth.

#### (a) Proprietary and customised software solutions

We currently have proprietary and customised software solutions incorporating ERP, MES, APS, and EA. Our proprietary and customised software solutions include both complete software solutions and add-on modules for third party software solutions. These proprietary and customised solutions were developed in-house and the copyrights to the source codes belong to us.

This is a competitive advantage over resellers of third party software where we are able to derive the following benefits:

- we are able to resell our proprietary and customised software solutions without constraints;
- we are able to appoint resellers to expand our global coverage;
- we are able to customise our software solutions to better fit our customers' requirements as we have the source codes; and
- we are able to enhance our software to keep abreast of changing needs of customers and the operating environment, as well as technologies.

#### (b) In-house software development

Our proprietary and customised software solutions are all developed in-house. This capability provides us with the advantage of being able to develop new applications, functions and solutions to meet market needs. We also have the ability to undertake modifications, customisation and updates expediently and cost effectively as and when they are necessary using our in-house software development capabilities.

Our in-house software development capabilities mean all our software source codes are our intellectual property, which we may use to expand our business into other countries without any restrictions on the use of intellectual property rights.

#### (c) Total integrated solutions provider

We are engaged in providing total integrated manufacturing software solutions. We can design and implement a complete integrated manufacturing software solution package for our customers using our proprietary and customised solutions, as well as third party solutions. We can couple our proprietary software solutions with our in-house software development capability to modify and customise our existing solutions to meet our customer's requirements.

This capability is a key strength as it enables us to position ourselves as a one-stop supplier of software solutions for the manufacturing sector. We can position ourselves as the main solutions provider when we compete for software solutions projects, and exercise a high degree of control over our projects.

**7. OUR BUSINESS (Cont'd)**

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**(d) Specialisation in the semiconductor industry**

We have developed and customised many of our manufacturing solutions specifically for the semiconductor industry. In addition, we have served customers in the semiconductor industry since the formation of our Group, providing us with a strong knowledge and skills base pertinent to the semiconductor industry. For the FYE 31 December 2010 and the 4-month FPE 30 April 2011, revenue derived from servicing customers in the semiconductor industry amounted to approximately 57.06% and 56.90% respectively of our total revenue.

Our track record, knowledge and skills base, as well as specialised manufacturing solutions for the semiconductor industry provide us with a competitive advantage over general manufacturing solutions providers. This specialisation will provide us with an added advantage in selling our manufacturing solutions to overseas operators within the semiconductor industry.

**(e) Recurrent revenue**

As we market and implement software systems, invariably we are also retained to provide systems maintenance for our customers. Maintenance commonly includes fixing problems associated with the software systems, providing ad-hoc reports, simple enhancements, installing software upgrades, and providing user training.

Maintenance is a key strength of our business model as it represents recurrent revenue for us. In addition, maintenance is commonly based on yearly contracts. For the FYE 31 December 2010 and 4-month FPE 30 April 2011, revenue from our software maintenance services accounted for approximately 14.91% and 14.64% respectively of our total revenue.

**(f) Export revenue base**

We have developed an export customer base. For the past three (3) financial years up to the FYE 31 December 2010, export revenue ranged between 41.24% and 49.83% of our total revenue. For the 4-month FPE 30 April 2011, export revenue represented approximately 14.46% of our total revenue.

Our export base provides us with a key strength as it indicates to potential customers that we have the skills and the software solutions that meet the requirements of overseas customers. This is a strong testament to our capabilities and the quality of our software solutions, which will help us gain new customers locally as well as overseas. Our export customer base also provides us with a larger potential market.

**(g) Potential market place overseas**

As we own the intellectual properties of our software solutions, we are able to export our software overseas with minor modification. Our ability to export our software solutions enlarges our potential markets significantly compared to being restricted only to Malaysia. To-date, we have managed to export our software solutions to overseas markets such as China, Indonesia, Japan, the Philippines, Singapore, Taiwan, Thailand, the United Kingdom and the United States of America.

## 7. OUR BUSINESS (Cont'd)

In addition to growth opportunities of the overseas market place, it also helps diversify our reliance on any one market. In the event of an economic downturn in one economy, we have other economies to help sustain and grow our business.

Being able to address the overseas market place without undue constraints is a competitive advantage compared to other third party resellers who are commonly restricted to reselling software solutions within Malaysia only or confined to a small number of countries.

### 7.4 Our Principal Activities

Our revenue segmentation by business activities, and products and services for the FYE 31 December 2010 and 4-month FPE 30 April 2011 were as follows:

	FYE 31 December 2010		FPE 30 April 2011	
	(RM'000)	(%)	(RM'000)	(%)
<b>Software solutions</b>	<b>12,709</b>	<b>85.01</b>	<b>4,710</b>	<b>84.80</b>
- Proprietary and customised	10,400	69.57	4,503	81.07
- Third party	2,309	15.44	207	3.73
<b>Software maintenance</b>	<b>2,229</b>	<b>14.91</b>	<b>813</b>	<b>14.64</b>
- Proprietary and customised	1,080	7.22	550	9.90
- Third party	1,149	7.69	263	4.74
<b>Other IT products and services</b>	<b>12</b>	<b>0.08</b>	<b>31</b>	<b>0.56</b>
<b>Total</b>	<b>14,950</b>	<b>100.00</b>	<b>5,554</b>	<b>100.00</b>

For the FYE 31 December 2010, our most important business activity was the provision of software solutions, which earned revenue of approximately RM12.71 million, accounting for 85.01% of our total revenue. Our revenue from proprietary and customised software solutions totalled approximately RM10.40 million and accounted for 69.57% of our total revenue, while revenue from third party software solutions totalled approximately RM2.31 million and accounted for 15.44% of our total revenue.

Our Group's revenue from the provision of software maintenance services totalled approximately RM2.23 million for the FYE 31 December 2010, representing 14.91% of our total revenue. Revenue from providing software maintenance for proprietary and customised software solutions totalled approximately RM1.08 million representing 7.22% of our total revenue, while revenue from providing software maintenance for third party software solutions totalled approximately RM1.15 million representing 7.69% of our total revenue.

We also provided other IT products and services such as training and IT hardware to our customers. Our Group's revenue from the provision of other IT products and services totalled approximately RM0.01 million for the FYE 31 December 2010, representing 0.08% of our total revenue.

For the 4-month FPE 30 April 2011, the provision of software solutions remained our most important business activity, earning revenue of approximately RM4.71 million, accounting for 84.80% of our total revenue. Our revenue from proprietary and customised software solutions totalled approximately RM4.50 million and accounted for 81.07% of our total revenue, while revenue from third party software solutions totalled approximately RM0.21 million and accounted for 3.73% of our total revenue.

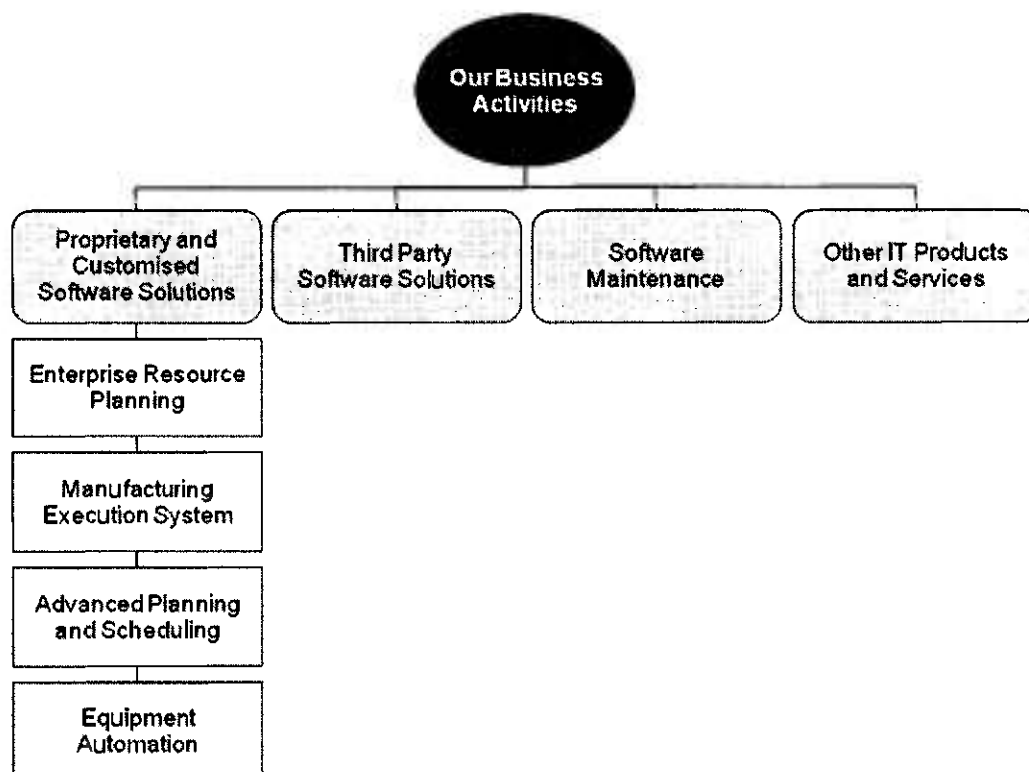
## 7. OUR BUSINESS (Cont'd)

For the 4-month FPE 30 April 2011, our Group's revenue from the provision of software maintenance services totalled approximately RM0.81 million, accounting for 14.64% of our total revenue. Revenue from providing software maintenance for proprietary and customised software solutions totalled approximately RM0.55 million, accounting for 9.90% of our total revenue. Our Group's revenue from providing software maintenance for third party software solutions totalled approximately RM0.26 million, representing 4.74% of our total revenue.

Our Group's revenue from the provision of other IT products and services totalled approximately RM0.03 million for the 4-month FPE 30 April 2011, accounting for 0.56% of our total revenue.

### 7.4.1 Business activities overview

Our business activities are as follows:



Our business is focused on the provision of a range of manufacturing software solutions. Although our software solution may be customised for use in most manufacturing operations, our focus is currently on the semiconductor industry. Most of the manufacturing software solutions that we provide are proprietary or customised solutions, while a small proportion are third party solutions. We support our customers by providing after-sales software maintenance services. We can design and implement a complete integrated manufacturing software solution package for our customers using our proprietary and customised solutions, as well as third party solutions.

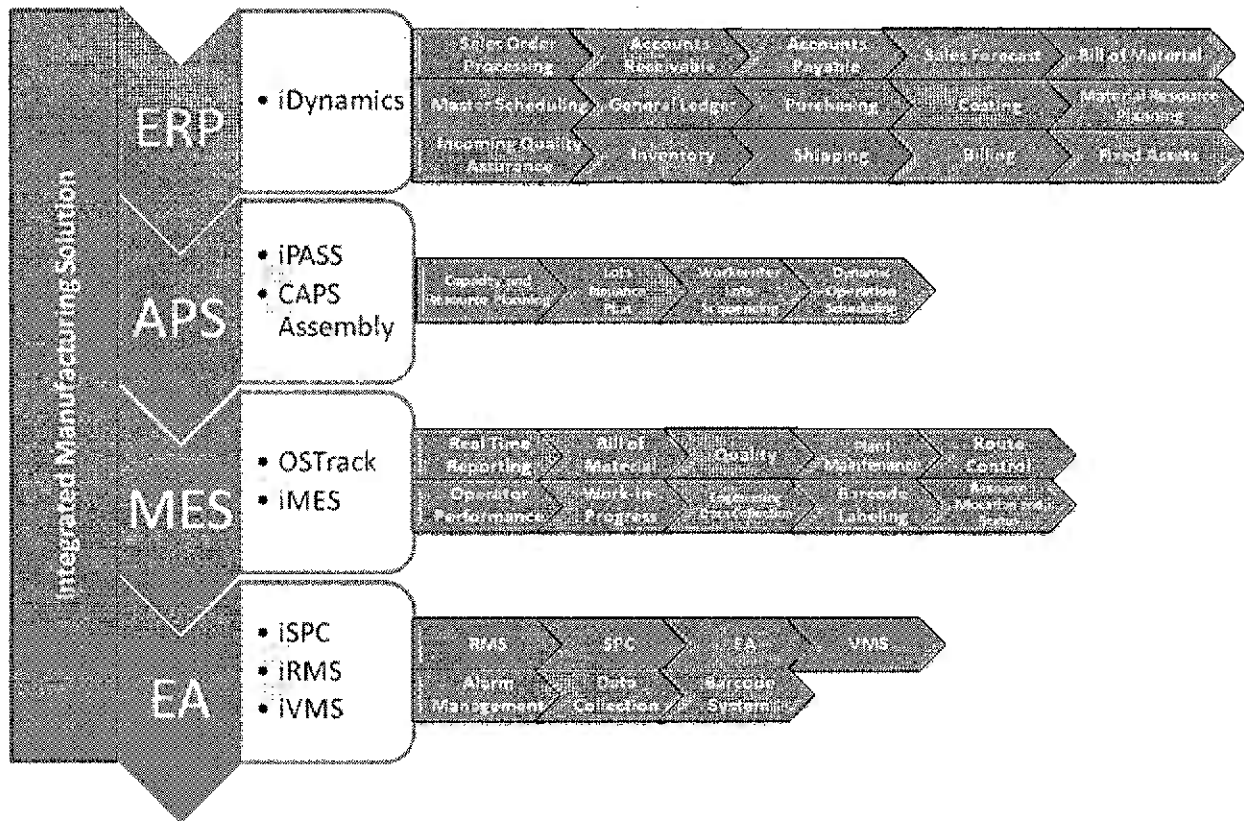
We also supply our customers with other IT products and services that are related to our manufacturing software solutions.



## 7. OUR BUSINESS (Cont'd)

### 7.4.2 Overview of our integrated manufacturing software solutions

Our integrated manufacturing software solutions package includes a wide range of manufacturing software solutions and functions. We develop complete manufacturing software solution packages that are built out of our proprietary and customised manufacturing software solution modules, as well as third party modules. Our integrated manufacturing software solution package is illustrated in the following diagram:



In general, our manufacturing software solution packages are designed to achieve one or more of the following objectives:

- Increase customer satisfaction through product and/or process quality improvement;
- Increase the operational efficiency of equipment and other production resources;
- Eliminate or minimise human-related process errors; and
- Support total supply chain management.

Our integrated manufacturing software solution package creates a complete platform to automate the data flow from a manufacturer's factory floor to its management, and enables critical business decisions to flow down immediately from the management to the factory floor.

At the EA system layer, manufacturing process parameters are controlled, monitored and acquired. The EA system layer is focused on the operational or workstation level to ensure that the correct manufacturing process parameters and recipes are being used, and that critical process parameters are within the process specifications.

## 7. OUR BUSINESS (Cont'd)

The specified data that is acquired by the EA system layer is constantly exchanged with the MES layer, which is focused on tracking the entire manufacturing process to ensure the correct routing, equipment, raw materials and other inputs are being used or loaded into the production line.

Work order, output, defects and other critical information from the MES layer are constantly fed back to the ERP system to update the total inventory of the finished goods store, as well as to track the usage of key raw materials. Based on this information, the ERP will trigger the necessary finance and billing functions to bill the manufacturer's customers, and order raw materials from suppliers.

The APS system receives forecasts and confirmed orders from the ERP layer and factory floor information from the MES layer to generate production schedules that optimise the factory floor's resource utilisation for optimal efficiency, or to fulfil targeted objectives.

### 7.4.3 Proprietary and customised solutions

We have developed a range of proprietary and customised manufacturing software solutions that we supply to our customers.

Our first customised manufacturing software solution was an APS solution, which we marketed under the name, iPASS. We completed our development of iPASS in 2005 and launched it with Unisem (M) Berhad being our first customer.

As our experience in designing and implementing manufacturing software solutions and in-house software development capability grew, we began to internally develop our own proprietary manufacturing software solutions from scratch. We typically customise and configure our proprietary manufacturing software solutions to meet each customer's individual specifications and requirements.

We started to develop our first proprietary manufacturing software solution in 2004. This was a MES solution, which we eventually marketed under the name, OTrack. OTrack was commercialised in 2006 and our first customer for this product was Denso (Malaysia) Sdn Bhd.

We currently offer our customers the following types of proprietary and customised manufacturing software solutions:

Product names	Description
<b>Enterprise Resource Planning (ERP)</b>	
iDynamics	Our customised ERP module
<b>Manufacturing Execution System (MES)</b>	
OTrack	Our proprietary MES solution
iMES	Our customised MES module
<b>Advanced Planning and Scheduling (APS)</b>	
iPASS	Our customised APS solution
CAPS Assembly	Our proprietary APS solution
<b>Equipment Automation (EA)</b>	
iSPC	Our proprietary Statistical Process Control solution

**7. OUR BUSINESS (Cont'd)**

<b>Product names</b>	<b>Description</b>
IRMS	Our proprietary Recipe Management System solution
IVMS	Our proprietary Visual Management System solution

Proprietary and customised manufacturing software solutions now comprise the bulk of software solutions that we deploy for our customers.

We have a team of in-house consultants to design and implement our proprietary and customised manufacturing software solutions for our customers.

**7.4.4 Enterprise Resource Planning solutions**

In general, an ERP solution is an IT-based platform that is designed to electronically capture, store, manage and process information. ERP solutions are an important tool for manufacturers and other complex organisations whose daily operations are driven by large amounts of information. Traditional information capturing, storage and processing methods that are based on hardcopy documents can no longer keep up with modern organisational and manufacturing requirements.

The ERP solutions that we develop are IT-based systems that are used to manage the internal and external resources of an organisation. Our ERP solutions are designed to operate in real-time, and integrate and consolidate all of the business functions of the organisation into a uniform, organisation-wide environment.

Our ERP solutions are built on a centralised database and utilise a common computing platform environment. They are designed to allow different divisions of an organisation to share information and communicate with each other. ERP solutions are also used to manage the organisation's connections with external parties such as suppliers and customers.

We have an ERP platform that we customise and configure for individual clients to meet their specific particular requirements and specifications.

We have developed iDynamics, which is an ERP module built on top of the Microsoft Dynamics® AX ERP suite. iDynamics has been specifically developed to suit the needs of companies engaged as sub-contractors for integrated circuit packaging, which is a process that involves the assembly and testing of integrated circuits. iDynamics provides customised solutions specifically used to manage and handle real-time integration of the MES shop floor activities to update the relevant sales orders for the subsequent outbound processes at the ERP system level. The integrated nature of the system promotes accuracy and precise invoicing against received customer purchase orders, while catering for complex billing scenarios.

Our ERP solutions can generate the information that is used by our MES to prepare manufacturing schedules. Most of the ERP solutions that we currently provide are bundled and integrated with our MES solutions.

We plan to diversify our ERP solutions into other sectors, such as the process manufacturing industries, discrete manufacturing industries, and the plantation industry.

## 7. OUR BUSINESS (Cont'd)

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### 7.4.5 Manufacturing Execution System solutions

In general, MES solutions are designed to manage and monitor work-in progress on the factory floor. Plant managers and production personnel use MES to support collaborative manufacturing strategies that are designed to integrate disparate data streams from a company's supply chain, factory floor, and ERP system. Our MES solutions help to improve asset productivity, reduce order-to-ship times, and minimise and reduce costly rework as well as help manufacturers to improve cycle-time, and reduce total time to produce an order.

Our MES solutions are designed to provide manufacturers with a comprehensive set of flexible MES solution features to model their factory floor environment into the tracking engine. This will enable the manufacturer to track and trace every single event that happens on the factory floor. Our MES solutions have forward and backward product traceability function, which provides manufacturer with the ability to handle complicated product genealogy tracking issues.

Our MES solutions are designed to be flexible and extendable, which enables it to be easily applied across various discrete manufacturing industries, such as the electronics manufacturing, automotive manufacturing, and precision manufacturing industries.

The MES solutions that we have developed are marketed under the OSTRack and iMES product names.

OSTrack, which is proprietary to our Group, is a MES toolbox that is designed to provide customers with a comprehensive set of flexible MES tools to model their factory floor environment into their IT systems. With OSTRack, customers can further control, track, trace and monitor their factory floor operations from the IT systems. The extendibility and flexibility of OSTRack's model building features enable the solution to be applied across various manufacturing industries, such as the electronics, automotive, precision die-casting and other discrete manufacturing industries. OSTRack is a web-based solution that is built to be compatible with commonly used software technology, and is designed to be user-friendly and easy to install and maintain.

iMES is a specialised module that is developed to solve the complex tracking requirement matrix used in integrated circuit packaging. iMES is a customised module that we have developed around Miracom MESplus, a type of MES software provided by Miracom Inc, our partner and major supplier. Our iMES solution provides comprehensive features and tracking control for integrated circuit packaging sub-contractors. With some customisation, iMES can be adapted to meet a customer's requirement matrix, such as package and device combination coupled with various tracking aspects such as routing control, process setup, critical materials consumption, label printing and residual management.

The product traceability function of our MES solutions enables our customers and their clients to keep track of a particular item after it has left the factory. Should an item be found to be defective, the customer can identify the batch from which it is made, so that the other items in the same batch can be recalled or inspected. Product traceability is an important feature in semiconductor manufacturing, and is also applicable to other manufacturing activities such as food processing and pharmaceutical manufacturing.

We provide our customers with secure Internet-enabled MES solutions that allow authorised users to access, manage and make use of data stored on an organisation's centralised MES database from any location, provided the user has Internet access.

## 7. OUR BUSINESS (Cont'd)

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### 7.4.6 Advanced Planning and Scheduling solutions

In general, APS solutions model a manufacturer's production using its capacity profile, taking into consideration material availability and capacity availability constraints to perform the desired scheduling tasks. It has the capability to model manufacturing environments while integrating planning and scheduling modules in a single platform to ensure that factory floor resources are working on the correct customer orders at the right time.

Our customised APS solutions are marketed under the iPASS product name. We currently market iPASS to semiconductor manufacturers.

iPASS enables our customers to build a virtual model of their production floor while taking into account production constraints such as raw material availability and production capacity constraints to perform the desired planning and scheduling tasks. Our iPASS has the capability to model both single-stage and multiple-stage production environments while integrating the planning and scheduling modules in a single platform. This ensures that the factory floor resources are constantly used effectively to cater to the optimum mix of customer orders.

iPASS consists of the following four main modules:

- (a) Capacity and Resource Planning (CRP), a mid- to long-term production resources analytical planning tool that will generate resources usage profiles of manufacturers' forecast orders;
- (b) Lots Issuance Plan (LIP), which helps production control planners in releasing the right mix of products into the production line, on a daily or shift basis after considering the daily expected output, work-in-progress level, bottleneck capacities, critical material status, etc.;
- (c) Workcenter Lots Sequencing (WLS), which generates detailed sequencing of lots with the exact start and end times for all workcenters; and
- (d) Dynamic Operation Scheduling (DOS), which allows for resequencing of lots at individual workcenters or operations level.

The CRP and LIP modules are designed for planning purposes, while the WLS and DOS modules are for detailed scheduling.

We have recently completed the development of an additional APS solution, to be marketed under the product name, CAPS Assembly. It is a headquarters-level "single installation, multiple sites" solution that is designed to enable the assembly operations of a back-end semiconductor manufacturer to centrally manage its capacity planning process based on relevant information such as forecasts, product attributes, machine and tooling inventory and capability, resource processing rate and utilisation across all of its manufacturing facilities regardless of the facilities' physical location. It centralises capacity planning and standardises capacity methodologies to generate accurate, reliable and realistic planning resulting in shorter time planning calculation cycle from days to hours, and faster response to customers' demand change.

As part of our future plans, we plan to enhance our suite of APS solutions by developing a more advanced CAPS solution, namely Test CAPS. Test CAPS is similar to CAPS Assembly but it is applied to the testing process of a back-end semiconductor manufacturer. Please refer to Section 7.19.1(a) of this Prospectus for further information on Test CAPS.

## 7. OUR BUSINESS (Cont'd)

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### 7.4.7 Equipment Automation solutions

Our proprietary EA solutions involve integrating the range of manufacturing and inspection equipment that is installed in a particular production line to enable production data to be accurately captured in real-time. This enables manufacturers that implement complex production operations to capture and disseminate information generated on the factory floor to other enterprise applications, and across all nodes of the supply chain. Our EA solutions are flexibly designed to enable quick response to various customer requirements by enabling automation, resource management and quality analysis within the manufacturing environment.

We offer the following range of customer-oriented EA solutions:

- Statistical Process Control (SPC);
- Overall Equipment Effectiveness (OEE);
- Recipe Management System (RMS);
- Equipment Integration (EI), to facilitate data collection for analysis purpose, data exchange for decision making and process control, as well as status monitoring for information and preventive purposes;
- Machine Management System (MMS), a web-based machine maintenance system that keeps track of, amongst others, machine running status such as idle and production. It also delivers various kind of notification such as cold stock and low stock e-mail alert notifications;
- Strip Map Server (SMS), which keeps track of strip map information in a database system and facilitates saving, retrieving, updating and viewing in graphical and other reporting format; and
- Quality Control Solution, a set of software helping manufacturers to inspect the incoming parts supplied by vendors. The inspections could include dimensions checking, colours, outer box labels orientation, etc.

We have developed the following types of EA solutions:

- iSPC, a Statistical Process Control (SPC) solution;
- iRMS, a Recipe Management System (RMS) solution; and
- iVMS, a Visual Management System (VMS) solution.

#### Statistical Process Control solutions

In general, a SPC solution is designed to apply statistical methods to monitor and control a manufacturing operation to ensure that it operates at its full potential to produce products that conform to specifications. Our iSPC solutions are designed to provide:

- (a) Real-time in-process quality monitoring, control and feedback;
- (b) Comprehensive data analysis for process and product improvement; and
- (c) Automatically and accurately collect data from manufacturing and inspection equipment.

## 7. OUR BUSINESS (Cont'd)

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iSPC can collect and integrate data collected by a variety of measuring devices, automated data collection machines, and laboratory equipment. With iSPC, our customers can collect useful data from diverse manufacturing plants located in any number of physical locations. Critical data can be used to generate SPC charts. SPC charts and information on significant events such as control rule violations can be automatically disseminated to all relevant parties.

Our iSPC solutions are flexible and can be customised for various EA applications, as they are both product and component based.

### **Recipe Management System solutions**

Our proprietary iRMS solutions are designed to manage the full range of recipes used in different types of equipment found throughout a manufacturing plant. iRMS is a cross-platform, open architecture, multi-threaded recipe content management system that is designed to prevent incorrect recipe operation in the back-end and front-end operations of a semiconductor foundry. Incorrectly applied recipe in back-end and front-end equipment can result in costly mistakes in semiconductor production.

Our iRMS solutions are designed to operate in a rapidly changing manufacturing environment, where its high availability allows customers to deploy new recipe checking equipment on an ad hoc basis with no downtime. iRMS enables our customers to flexibly handle multiple recipe formats, including formatted and unformatted text, encrypted text, and plain text, and convert the recipes into open standard XML (Extensible Markup Language) format for further validation.

Our iRMS solutions possess the following features:

- Recipe Upload;
- Recipe Download;
- Recipe Content Checking;
- Recipe Versioning;
- Recipe Checksum Checking;
- Recipe Editor;
- Recipe Approval;
- Error and Mismatch Reporting;
- Critical Level Control; and
- Supports formatted and unformatted recipe.

### **Visual Management System solutions**

Our proprietary iVMS solutions represent server-based software solutions that compute Overall Equipment Effectiveness (OEE) to help improve the performance of people, processes and equipment.

iVMS is an Internet-enabled system that allows a manufacturer to incorporate OEE indices into their plant monitoring dashboard. Our iVMS solutions are designed to convert complex production data into simple metrics such as availability, performance and quality. By using iVMS, our customers can gauge the efficiency of the equipment in use. iVMS automatically collects data from the manufacturing plant's machinery, and reports real-time performance and performance to users. As iVMS is an Internet-enabled solution, users are able to monitor the machinery and access data from any location that has Internet access.

## 7. OUR BUSINESS (Cont'd)

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Some of the features and benefits that our customers can obtain from iVMS include:

- (a) Real time production monitoring, control and feedback;
- (b) Calculate equipment OEE by measuring the efficiency, effectiveness and productivity;
- (c) Automated alert triggers distributed by e-mail and Short Message Service (SMS) for monitoring downtime;
- (d) Historical data of equipment performance; and
- (e) Scheduling the next plant maintenance.

### 7.4.8 Third party solutions

In addition to providing our proprietary and customised solutions, we also currently supply our customers with third party manufacturing software solutions.

We have secured distributorships for manufacturing software solutions from a number of software owners:

- (a) We are the master distributor for WinSPC for the Asia Pacific region;
- (b) We are a partner of Miracom Inc for the distribution of MESplus in the South East Asia region;
- (c) We are a partner in Microsoft Certified Partnership for the distribution of Microsoft Dynamics® AX in Malaysia; and
- (d) We are a partner of Siemens Product Lifecycle Management Software (SG) Pte Ltd for the distribution of Test Expert and Unicam FX in Singapore, Malaysia, Indonesia, the Philippines and Vietnam.

We normally provide value-added services as part of the third party manufacturing software solutions package that we provide to our customers. These value-added services include:

- (a) Consulting services;
- (b) Systems design;
- (c) Systems configuration;
- (d) Hardware, software and network installation; and
- (e) Commissioning.

### 7.4.9 Software systems maintenance

We support our customers by providing after-sales software systems maintenance, which also includes system upgrading services. We provide systems maintenance and upgrading services for both our proprietary and customised solutions, and for third party solutions.



## 7. OUR BUSINESS (Cont'd)

Our systems maintenance services are carried out so as to ensure that the manufacturing software solutions perform efficiently with minimum downtime. We also correct any faults that may arise after we have installed our manufacturing software solutions at our customer's premises.

Our customers also engage us to upgrade their manufacturing software solutions. Our systems upgrading services include:

- (a) Developing new modules to perform new functions;
- (b) Improving existing modules to enhance their functionality; and
- (c) Upgrading systems or various modules to later versions.

### 7.4.10 Other IT products and services

We currently also supply some other IT products and services to our customers that are related to our manufacturing software solutions. We train our customers on how to use and maintain our proprietary and customised solutions, and the third party solutions that we provide. We also sell IT hardware and industrial measuring devices, such as servers and data communication ports, to our customers.

## 7.5 Our Principal Markets

Our revenue segmented by geographic markets is as follows:

Country	FYE 31 December 2010		FPE 30 April 2011	
	(RM'000)	(%)	(RM'000)	(%)
Malaysia	7,736	51.75	4,751	85.54
Overseas markets	7,214	48.25	803	14.46
China	1,751	11.71	300	5.40
Indonesia	1,744	11.67	36	0.65
Japan	12	0.08	-	0.00
Philippines	754	5.03	-	0.00
Singapore	2,501	16.73	449	8.08
Taiwan	64	0.43	-	0.00
Thailand	76	0.51	7	0.13
United Kingdom	95	0.64	-	0.00
United States of America	217	1.45	11	0.20
<b>Total</b>	<b>14,950</b>	<b>100.00</b>	<b>5,554</b>	<b>100.00</b>

During the FYE 31 December 2010, Malaysia was our largest market accounting for approximately 51.75% of our revenue, while the remainder were derived from nine overseas countries.

Our Group's largest overseas market for the FYE 31 December 2010 was Singapore, which accounted for approximately 16.73% of our total revenue for the FYE 31 December 2010. China was our second largest overseas market, accounting for approximately 11.71% of our total revenue. Seven other overseas markets accounted for the remaining 19.81% of our total revenue for the FYE 31 December 2010.

Malaysia remained our largest market for the 4-month FPE 30 April 2011, accounting for approximately 85.54% of our revenue.

## **7. OUR BUSINESS (Cont'd)**

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For the 4-month FPE 30 April 2011, Singapore was our largest overseas market, accounting for 8.08% our Group's total revenue. China and Indonesia were our second and third largest overseas markets, accounting for 5.40% and 0.65% of our total revenue respectively. Other overseas markets accounted for the remaining of our total revenue during the 4-month FPE 30 April 2011.

### **7.6 Seasonality of Our Business**

We do not experience any seasonality in our business operations.

### **7.7 Our Technology**

#### **7.7.1 Relevant technologies**

The various types of manufacturing software solutions that we develop are examples of application software.

#### **7.7.2 Application software**

Application software refers to software that is designed to perform one or more productive tasks for users. Computer programmers have developed many types of application software. Some examples include, among many others, manufacturing software solutions, accounting software, word processors, spreadsheets, engineering software, graphics software, and media players.

Application software can be programmed to manipulate information in the form of text, numbers, graphics, still images, moving images, sound or some combination of these elements, depending on the task for which it is designed.

#### **7.7.3 Manufacturing software solutions**

In general, manufacturing software solutions refer to types of application software that are designed to help a manufacturer to collect, store, organise, process and present data so as to manage and improve their manufacturing operations.

We have developed the following types of manufacturing software solutions:

- (a) ERP solutions;
- (b) MES solutions;
- (c) APS solutions; and
- (d) EA solutions.

#### **Enterprise Resource Planning solutions**

In general, ERP solutions are application software systems that allow manufacturers and other complex organisations to capture, store, and process large amounts of digital information. Traditional paper-based information capturing, storage and processing methods can no longer keep up with modern organisational requirements.

## 7. OUR BUSINESS (Cont'd)

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Some of the modules that are commonly built into ERP solutions include:

- (a) Production planning;
- (b) Supply chain management;
- (c) Customer Relationship Management (CRM);
- (d) Warehouse management; and
- (e) Transactional backbone.

### **Manufacturing Execution System solutions**

In general, MES solutions are used to manage manufacturing activities in a factory. MES solutions commonly link an organisation's ERP solutions with their factory floor control systems. Typically, an MES solution can track the progress of a product through the manufacturing process, from the point where an order is released to create that product up to the point where that product is delivered as a finished product. Manufacturers and their clients may also make use of MES solutions to keep track of a particular item after it has left the factory so that should any item be found to be defective, other items in the same batch can be traced and either recalled or inspected.

Some of the tasks that can be performed by MES solutions include:

- Product and material tracing;
- Capturing in-process production data;
- Tracking work orders;
- Automated recipe management;
- Scheduling and priority management;
- Event or exception management;
- Monitoring the shop floor; and
- Collecting and monitoring KPI.

### **Advanced Planning and Scheduling solutions**

In general, APS solutions are used on complex manufacturing environments where the optimum resource allocation problems are unknown, complex and have to be discovered by an iterative trial and error process.

APS solutions are used to allocate resources such as raw materials, human resources and production capacity that are available to a manufacturer in an optimal manner. APS solutions can help a manufacturer to manage competing priorities and resource constraints by balancing a range of trade-offs to achieve a certain goal.

Some of the tasks that can be performed by APS solutions include:

- planning capacity;
- scheduling daily production activities; and
- scheduling dynamic operations.

**7. OUR BUSINESS (Cont'd)**

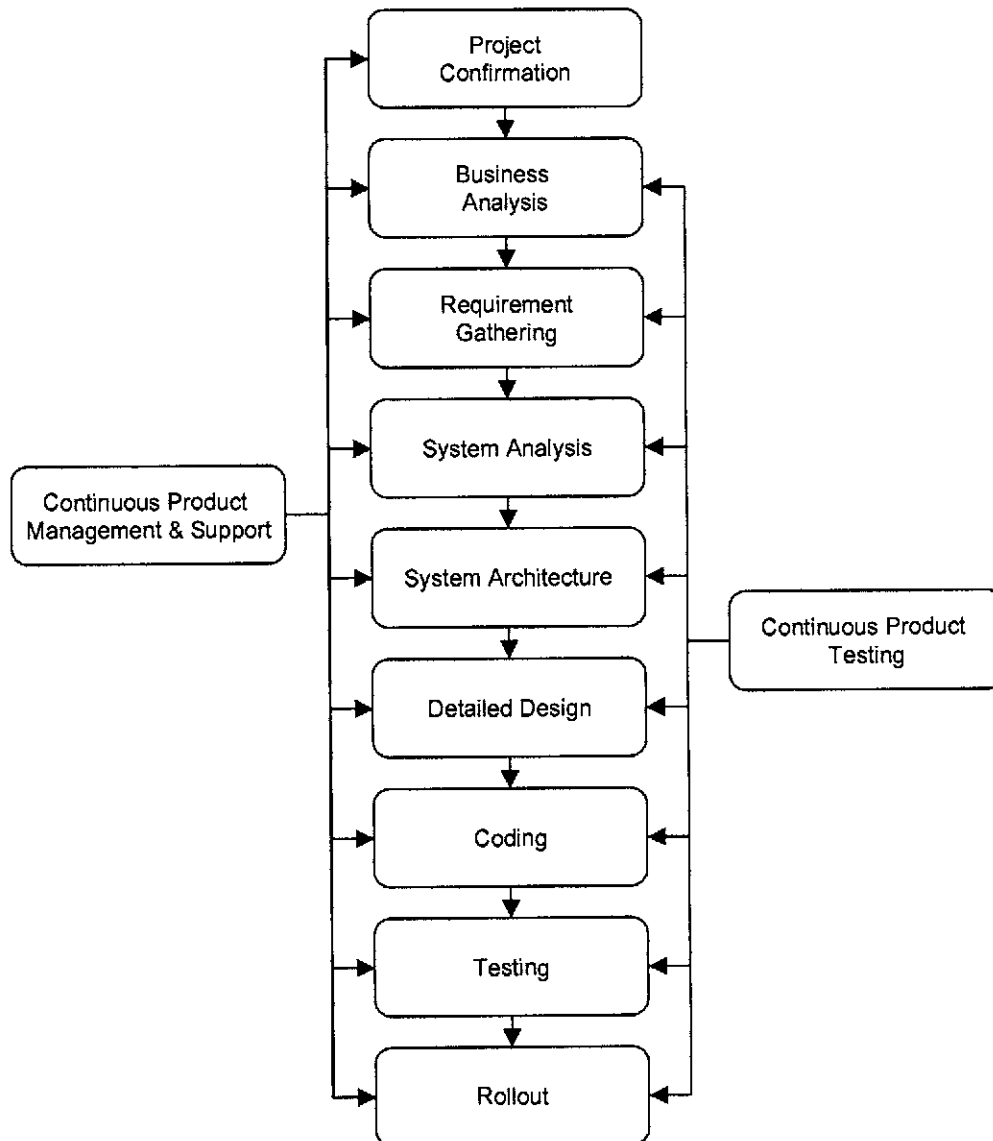
**Equipment Automation solutions**

In general, EA solutions are used to enable a range of integrated equipment to capture production line data in real-time. The data can be used to monitor and control the production line, and analysed to improve the production process.

The integration of machines and equipment is the basis for a fully automated production process. The objective is to make machine data available plant-wide and to give production control systems, such as MES and ERP systems, controlling access to machines and equipment. The data can later be used to monitor and control the production line, and analysed to improve the production process.

**7.8 Our Business Process**

The process flow for software development is depicted in the following diagram:



## 7. OUR BUSINESS (Cont'd)

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Upon the **confirmation of the project** from customers, the development team prepares to start the development of the software. A project plan is formulated to define the duration for system development, and to carry out a detailed cost-benefit analysis. Software development primarily involves programming as well as integrating all processes, input and output requirements, and system and network security.

The initial process begins with the **analysis of the customers' business** to produce a model of the business. The business model is analysed and an improved set of system requirements that require development for the new software package is recommended. These requirements are based on customer input and feedback and also from an assessment of the market's needs including the software developer's internal requirements.

Other requirements include information on developing the business process and business data model as well as defining the structure of the business.

The next process of **requirements gathering** is based around developing a use case, which is a description of how end-users will use the software. These include a series of tasks that users will accomplish using the software, and the responses of the software to user actions.

The **system analysis process** is the next stage of the software development where a 3-dimensional model of the performance of the system is produced.

System analysis involves developing specifications of what the system needs to do to meet the requirements of end users. In this design phase of software development, such specifications are converted to various charts that define the data required and the processes to be carried out on the data so that it can be expressed as instructions in the computer software program.

**System architecture** or system structure is the conceptual structure and functional behaviour of the software in the computer system. This involves developing architectural layers, component structure, subsystems and interfaces for each component and producing a systems model, importing software codes and developing patterns for the new software.

The **detailed design stage** is an analysis and re-work of use case implementations into interactions between subsystem interfaces to ensure all functional requirements and specifications have been captured in the software design.

The **coding process** is run in parallel with the testing process at this stage of the software development. Once the development of a use case is completed, the software is run and tested under various user inputs and scenarios. The results are documented and any bugs and systems weaknesses are fixed before the software is re-run and re-tested.

Once the system is relatively error-free, **beta testing** is implemented to test for system robustness under usage, and to obtain feedback on the user friendliness of the system.

Once the software passes the beta test, the **roll out process** is performed at the end of the project. The new software product is compiled and installed and a user acceptance test is conducted on all its functions. A user-training program is also developed for the customer and its user staff upon the acceptance of the new software.

Continuous and on-going processes such as software testing, project management and project support are active throughout the development of the software.

The project management process is an on-going process that ensures the entire project's plan, risks, milestones and deliverables are being managed appropriately. A project manager will be assigned to oversee the entire product development cycle and to report the progress to the management regularly.

## 7. OUR BUSINESS (Cont'd)

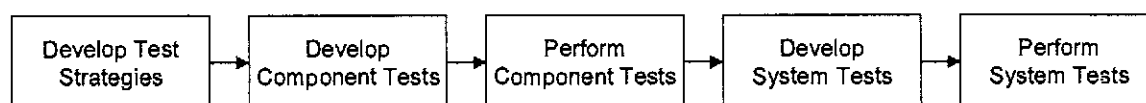
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The project support process is a range of tasks required to support the software development project. Tasks are assigned to individuals in the project team. Tasks such as process configuration, development tool management and establishment of version controls are performed at the start of each process.

### 7.9 Quality Management Procedures

We implement continuous testing as an integral part of our software development process flow. This is carried out to manage the software development process, and to maintain the consistency of the software that we develop.

The sub-steps that are involved with our testing process are depicted in the following diagram:



Our test developers will develop the overall test strategy, component tests and system tests. Component and system tests should be performed by a representative from the user under conditions that the user would typically experience. This procedure has the advantage of generating feedback from the software development results to the users in an incremental fashion.

### 7.10 Our Marketing Activities

#### 7.10.1 Marketing strategies and activities

We employ the following marketing strategies to sustain and expand our business:

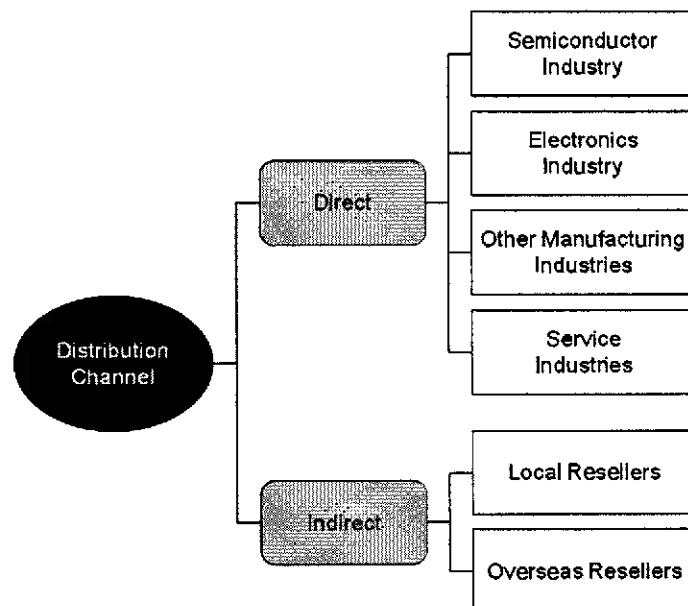
- (a) Position our Group as a developer and provider of manufacturing software solutions aimed at increasing our customers' operational efficiency;
- (b) Continue to improve the quality and reliability of our manufacturing software solutions to increase and maintain customer satisfaction;
- (c) Ensure that our manufacturing software solutions are implemented in a timely manner with minimal disruption to our customer's day-to-day operations;
- (d) Provide end-to-end solutions by supporting our customers with software maintenance and upgrading services;
- (e) Continue to enhance our existing range of customised and proprietary manufacturing software solutions to increase benefits to our customers;
- (f) Carry out research and development to develop new manufacturing software solutions and functionalities and address new customer requirements to stay ahead of the competition; and
- (g) Promote our self-branded customised and proprietary manufacturing software solutions to build brand equity to enlarge our customer base.

As at LPD, we have a total of 5 sales and marketing personnel.

## 7. OUR BUSINESS (Cont'd)

### 7.10.2 Distribution channel strategy

We adopt a direct and indirect distribution channel strategy to market and distribute our solutions, as depicted in the figure below:



We rely primarily on the direct distribution channel strategy as our technical staff and sales personnel are best equipped to sell the commercial and technical benefits of our solutions to potential customers. In addition, many of our solutions require customisation to meet the unique needs of individual customers, which requires us to interact closely with our customers.

We use the indirect distribution channel strategy to market our solutions to customers in Malaysia and in some overseas markets, particularly in countries where we do not have a presence. We engage resellers in overseas countries to identify potential customers and market our solutions in their countries. By using resellers, we can tap their understanding of their markets and contacts to cover potential customers in new countries without having to make significant investments in personnel and other costs. We also have customers in overseas markets where we have not engaged any local reseller. These foreign customers had approached us, possibly locating us via the worldwide web or through word-of-mouth.

The revenue contribution by our direct and indirect distribution channels is as follows:

	FYE 31 December 2010		FPE 30 April 2011	
	(RM'000)	(%)	(RM'000)	(%)
Direct				
- semiconductor industry	8,531	57.06	3,160	56.90
- electronics industry	1,787	11.95	427	7.69
- other manufacturing industries	1,158	7.75	629	11.32
- service industries	2,484	16.62	1,338	24.09
Indirect				
- local resellers	883	5.90	-	0.00
- overseas resellers	107	0.72	-	0.00
<b>Total</b>	<b>14,950</b>	<b>100.00</b>	<b>5,554</b>	<b>100.00</b>

**7. OUR BUSINESS (Cont'd)**

**7.11 Approvals, Major Licences and Permits**

As at LPD, the approvals, major licences and permits obtained by our Group as well as our status of compliance are set out as follows:

Issued to	Authority	Type of approval/ licence/permit	Conditions imposed	Status of compliance
iMSC <sup>(1)</sup>	MDeC	Multimedia Super Corridor Status	<p>The MSC status company agrees to:</p> <p>(i) complete business registration of the proposed entity as a locally incorporated company under the Act within one (1) month from the date of MDeC's letter dated 26 October 2005, commence operations of the proposed entity within six (6) months from the date of the letter, and undertake such activities specified in the MSC status company's business plan ("Business Plan") as approved by MDeC below ("MSC-Qualifying Activities") within six (6) months from the date of the letter or by such date(s) as may be specified in the Business Plan (which date(s) may be extended or modified with the written consent of MDeC) and thereafter continue with such business and activities unless otherwise approved by MDeC. The MSC-Qualifying Activities are as follows:</p> <p>(a) research, development and commercialisation of iMSC iPASS solutions and related components.</p> <p>(b) provision of training, technical support and maintenance services related to IMSB iPASS solutions and related components.</p> <p>MDeC's letter dated 30 October 2008 acknowledges that it has been undertaking the aforesaid activities and in addition to the activities above, it shall additionally perform the following activities:</p> <ul style="list-style-type: none"> <li>▪ research, development and commercialisation of manufacturing based planning systems include the following software: <ul style="list-style-type: none"> <li>- iDynamics</li> <li>- iMES</li> <li>- iSPC</li> <li>- iVMS</li> <li>- iRMS</li> </ul> </li> <li>▪ provision of implementation, maintenance and technical services related to the above products.</li> </ul> <p>Any changes proposed to above MSC-Qualifying Activities as detailed in the Business Plan must receive the prior written consent of MDeC;</p>	Complied



7. OUR BUSINESS (Cont'd)

Issued to	Authority	Type of approval/ licence/permit	Conditions imposed	Status of compliance
			<p>(ii) locate the implementation and operation of the MSC-Qualifying Activities in a Designated Cybercity with an office space requirement of 800 square feet within six (6) months from the date of the letter, and will seek MDeC's prior written approval in the event of any changes in the location or address of iMSC;</p> <p>(iii) ensure that at all times at least 15% of the total number of employees (excluding support staff) of the MSC status company shall be "knowledge workers" (as defined by MDeC). "Knowledge workers" shall be recruited, employed and/or appointed solely for the purpose of undertaking the MSC-Qualifying Activities; The recruitment, employment and/or appointment of foreign "knowledge workers" (if any) shall be the sole responsibility of the MSC status company and MDeC shall not be held responsible for any liability arising from such recruitment, employment and/or appointment;</p> <p>(iv) submit to MDeC a copy of the MSC status company's Annual Report and Audited Statements in parallel with submission to the Companies Commission of Malaysia;</p> <p>(v) ensure that all information and/or documents furnished by the MSC status company to MDeC or any other authority or agency do not contain any false, untrue or inaccurate statements or omit to state any facts, the omission of which would make any statements made therein in the light of the circumstances under which they are made, misleading;</p> <p>(vi) inform and obtain the prior approval of MDeC for any proposed change in the name of the MSC status company;</p> <p>(vii) inform MDeC of any change in the equity structure or shareholding structure of the MSC status company, or such other changes that may affect the direction or operation of the MSC status company. MDeC must be informed of any change before steps are taken to effect such change;</p> <p>(viii) comply with all such statutory, regulatory and/or licensing requirements as may be applicable; and</p> <p>(ix) as per MDeC's letter dated 30 October 2008, to continuously comply with the MSC's environmental guidelines as determined by MDeC from time to time.</p> <p>The MSC status granted to the MSC status company shall not be transferable or assignable in any way whatsoever without the prior written consent of MDeC.</p>	

## 7. OUR BUSINESS (Cont'd)

Issued to	Authority	Type of approval/ licence/permit	Conditions imposed	Status of compliance
iMSC	MITI	Pioneer Status under Section 4A of the Promotion of Investments Act, 1986 from 15 December 2005 to 14 December 2010 <sup>(2)</sup>	<p>Pioneer status issued pursuant to the Promotion of Investments Act, 1986 certifying that Mighty Ingenious Sdn Bhd (now known as iMSC) is a company carrying out pioneer status activities as follows:</p> <ul style="list-style-type: none"> <li>(i) Research, development and commercialisation of the Mighty Ingenious iPASS solutions and related components; and</li> <li>(ii) Provision of training, technical support and maintenance services related to the Mighty Ingenious iPASS solutions and related components.</li> </ul>	Complied
iSystems	Ministry of Finance, Malaysia	For the provision of software product and services to the Malaysian Government from 17 October 2010 to 16 October 2013	<p>Registration will be suspended/ cancelled if iSystems acts as follows:</p> <ul style="list-style-type: none"> <li>(i) if iSystems/ its directors/ any of its management has committed a crime and has been found guilty by a court in Malaysia or abroad, or have a civil liability;</li> <li>(ii) if iSystems withdraws its tender before the same is considered/ if iSystems rejects an offer made to iSystems;</li> <li>(iii) if iSystems fails to fulfil its obligation under the contracts signed with the Government;</li> <li>(iv) if iSystems amends the Certificate of Registration of Company for the purpose of cheating or other purposes;</li> <li>(v) if iSystems permits the Certificate of Registration of Company to be misused by an individual / other company;</li> <li>(vi) if iSystems co-operates with other companies in fixing the prices when entering into Government procurement/ sub-contracts without the prior consent from the Government agency involved.</li> </ul>	Complied
OS Solutions	MDeC	Multimedia Super Corridor Status	<p>The MSC status company agrees to:</p> <ul style="list-style-type: none"> <li>(i) complete business registration of the proposed entity as a locally incorporated company under the Act within one (1) month from the date of MDeC's letter dated 29 June 2006, commence operations of the proposed entity within six (6) months from the date of the letter, and undertake such activities specified in the MSC status company's business plan ("Business Plan") as approved by MDeC below ("MSC-Qualifying Activities") within six (6) months from the date of the letter or by such date(s) as may be specified in the Business Plan (which date(s) may be extended or modified with the written consent of MDeC) and thereafter continue with such business and activities unless otherwise approved by MDeC. The MSC-Qualifying Activities are as follows: <ul style="list-style-type: none"> <li>(a) the research, development and commercialization of Version 2.0 onwards of the OSTrack MES software solution for manufacturers.</li> </ul> </li> </ul>	Complied

7. OUR BUSINESS (Cont'd)

Issued to	Authority	Type of approval/ licence/permit	Conditions imposed	Status of compliance
			<p>(b) technical support, maintenance and implementation services related to the solution mentioned above.</p> <p>(ii) any changes proposed to above MSC-Qualifying Activities as detailed in the Business Plan must receive the prior written consent of MDeC;</p> <p>(iii) locate the implementation and operation of the MSC-Qualifying Activities in a Designated Cybercity with an office space requirement of 1,000 square feet within six (6) months from the date of the letter, and will seek MDeC's prior written approval in the event of any changes in the location or address of OS Solutions;</p> <p>(iv) ensure that at all times at least 15% of the total number of employees (excluding support staff) of the MSC status company shall be "knowledge workers" (as defined by MDeC). "Knowledge workers" shall be recruited, employed and/or appointed solely for the purpose of undertaking the MSC-Qualifying Activities; The recruitment, employment and/or appointment of foreign "knowledge workers" (if any) shall be the sole responsibility of the MSC status company and MDeC shall not be held responsible for any liability arising from such recruitment, employment and/or appointment;</p> <p>(v) ensure that any products produced pursuant to the MSC-Qualifying Activities are original, and that no part or portion of such Product is an infringement or violation of any intellectual property or any proprietary rights of any third party, or constitutes a misappropriation of know-how belonging to any third party;</p> <p>(vi) submit to MDeC a copy of the MSC status company's Annual Report and Audited Statements in parallel with submission to the Companies Commission of Malaysia;</p> <p>(vii) ensure that all information and/or documents furnished by the MSC status company to MDeC or any other authority or agency do not contain any false, untrue or inaccurate statements or omit to state any facts, the omission of which would make any statements made therein in the light of the circumstances under which they are made, misleading;</p> <p>(viii) inform and obtain the prior approval of MDeC for any proposed change in the name of the MSC status company;</p> <p>(ix) inform MDeC of any change in the equity structure or shareholding structure of the MSC status company, or such other changes that may affect the direction or operation of the MSC status company. MDeC must be informed of any change before steps are taken to effect such change; and</p>	

**7. OUR BUSINESS (Cont'd)**

Issued to	Authority	Type of approval/ licence/permit	Conditions imposed	Status of compliance
OS Solutions	MITI	Pioneer Status under Section 4A of the Promotion of Investments Act, 1986 from 29 June 2006 to 28 June 2011 <sup>(3)</sup>	<p>(x) comply with all such statutory, regulatory and/or licensing requirements as may be applicable, including but not limited to the Transfer Pricing Guidelines issued by the Inland Revenue Board of Malaysia on 2 July 2003, and such other amendments as may be applicable from time to time.</p> <p>The MSC status granted to the MSC status company shall not be transferable or assignable in any way whatsoever without the prior written consent of MDeC.</p> <p>Pioneer status issued pursuant to the Promotion of Investments Act, 1986 certifying that OS Solutions is a company carrying out pioneer status activities as follows:</p> <p>(i) The research, development and commercialisation of version 2.0 onwards of the OSTrack MES software solution for manufacturers; and</p> <p>(ii) Technical support, maintenance and implementation services related to the solution mentioned above.</p>	Complied

Notes:

- (1) MDeC had on 26 October 2005 issued a letter to iMSC granting the company MSC status and approving the MSC-Qualifying Activities. MDeC had on 30 October 2008 further issued a letter to approve additional activities as MSC-Qualifying Activities.
- (2) MDeC had, vide its letter dated 14 September 2011, approved the pioneer status of iMSC for another five (5)-year period and iMSC is presently pending formal notification of the approval from MITI.
- (3) An application has been submitted on 27 June 2011 by OS Solutions for the extension of its pioneer status.

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## 7. OUR BUSINESS (Cont'd)

## 7.12 Brand names, Patents, Trademarks, Licences, Technical Assistance Agreements, Franchises and Other Intellectual Property Rights

## 7.12.1 Trademarks

Our Group has the following registered trademark:

Trademark	Trademark no.	Validity period	Country of registration	Authority/Regulatory guidelines	Class	Description
<b>iDIMENSION</b>	T1005724G	6 May 2010 to 6 May 2020	Singapore	Intellectual Property Office of Singapore	42 and g	Creation, development and design of computer programs and software of manufacturing solutions and processes, particularly for use in production, manufacturing and materials management, quality management and plant maintenance, sales and distribution of materials, human resources and project management, general office functions such as word processing, electronic mail and archiving; implementation, installation, analysis, testing, updating and maintenance of computer programs and software; computer software and hardware integration for manufacturing solutions, products and processes; technical consultancy and advice regarding programming, design, development, implementation and installation of computer programs and software; all included in Class 42.  Computer programs and software for use in manufacturing and materials management, management and plant maintenance; all included in Class 9.

## 7. OUR BUSINESS (Cont'd)

In addition, our Group has submitted applications for the following trademarks, which are currently pending approval:

Trademark	Application no.	Date submitted	Country of registration	Authority/Regulatory guidelines	Class	Description
<b>iDIMENSION</b>	08004380	7 March 2008	Malaysia	Intellectual Property Corporation of Malaysia	42	Manufacturing IT solutions provider, IT services and consultancy, all included in Class 42.
<b>iDIMENSION</b>	2010006073	8 April 2010	Malaysia	Intellectual Property Corporation of Malaysia	9	Computer programs and software for use in manufacturing and materials management and plant maintenance, all included in Class 9.

### 7.12.2 Copyrights

We are the owners of the copyrights for several of our proprietary software solutions, namely OTrack, iSPC, iRMS, iVMS and CAPS Assembly.

### 7.12.3 Licences

Our Group has been granted the following licences:

Licensor	Licensee	Date of agreement	Purpose
Miracom Inc ("Miracom")	iSystems	Licence Agreement dated 25 July 2005	Miracom grants iSystems a non-exclusive, personal, non-transferable and intangible right to sub-license the software system (Miracom FAMate (Object Code)) to Silterra Malaysia Sdn Bhd ("Silterra") for installation and use in Silterra's premises for Silterra's own internal business purposes within Malaysia. This sub-licence is granted for perpetual period from the date of the agreement unless terminated earlier.
Miracom	iSystems	Licence Agreement dated 10 August 2005	Miracom grants iSystems a non-exclusive, personal, non-transferable and intangible right to sub-license the software system (Miracom MESplus (MES) and Highway101 (Enterprise Application Integration)) to Unisem (Chengdu) Co. Ltd ("Unisem Chengdu") located in Chengdu, Sichuan, China for installation and use in Unisem Chengdu's premises for Unisem Chengdu's own internal business purposes within China. This sub-licence is granted for perpetual period from the date of the agreement unless terminated earlier.
Microsoft Regional Sales Corporation ("Microsoft")	iSystems	Solution Provider Agreement dated 29 July 2011	Microsoft grants non-exclusive, non-transferable, limited license to iSystems to provide the Licensed Microsoft software, as defined in the Solution Provider Agreement, and services to customer until 31 July 2013.

## 7. OUR BUSINESS (Cont'd)

Licensors	Licensee	Date of agreement	Purpose
Siemens Product Lifecycle Management Software (SG) Pte Ltd ("Siemens")	iSystems	Non-Exclusive Distributor Agreement dated 1 May 2007 Amended Agreement dated 1 September 2008 Amended Agreement dated 4 September 2008 Amended Agreement dated 22 March 2010	iSystems has been appointed as Siemens' non-exclusive distributor to market within Singapore, Malaysia, Indonesia, Philippines and Vietnam the software as defined in the Non-Exclusive Distributor Agreement for a period of three (3) years from 1 July 2007 unless terminated earlier. The term of the Non-Exclusive Distributor Agreement will automatically be extended for successive one-year periods unless terminated by either party at least 60 days prior to the end of each 12 month period, commencing on 1 July 2007 or anniversaries thereof while the Non-Exclusive Distributor Agreement is in force.
Hewlett-Packard (M) Sdn Bhd ("HP")	iSystems	Reseller Agreement dated 19 October 2009	HP grants iSystems right to purchase HP's product through distribution channel for re-sale to end-user customers in Malaysia from 19 October 2009 until the Reseller Agreement is terminated.
Engineering Computer Services (S) Pte Ltd ("ECSS")	iSystems	Teamcenter Express Reseller Program dated 6 November 2006	ECSS appoints iSystems as a non-exclusive reseller of the software products, parts and services listed in ECSS's then-current listing of products and prices within Malaysia for an initial term of one (1) year and shall thereafter be deemed automatically renewed for successive additional terms of one (1) year each.
Exploit Technologies Pte Ltd ("Exploit Technologies")	iMSC Singapore	Technology Licensing Agreement dated 18 May 2010	Exploit Technologies agrees to grant iMSC Singapore a non-exclusive, non-transferable license to develop, make, manufacture, distribute and sell or develop enhancements to such software as specified in the Technology Licensing Agreement in the field of semiconductor manufacturing and electronics manufacturing for a period of ten (10) years in Singapore, Malaysia, Philippines, Indonesia, the People's Republic of China, Hong Kong, the Republic of Korea, Japan and Thailand.

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## 7. OUR BUSINESS (Cont'd)

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### 7.13 Dependency on Contract/ Arrangement/ Document

Save as disclosed below, we are not highly dependent on any contract, arrangement, document or other matter:

- (a) our trademarks as disclosed in Section 7.12.1 of this Prospectus;
- (b) our major customer, namely the Unisem Group, as mentioned in Section 5.3.2 of this Prospectus; and
- (c) the major licenses signed with our major suppliers, namely Microsoft Regional Sales Corporation ("**Microsoft**") and Siemens Product Lifecycle Management Software (SG) Pte Ltd ("**Siemens**") as mentioned in Section 7.12.3 of this Prospectus.

### 7.14 Our R&D

#### 7.14.1 R&D policies

Our R&D activities are primarily related to software development. Our R&D is focused on the following areas:

- (a) Developing manufacturing software solutions optimised for new manufacturing-based user industries;
- (b) Developing manufacturing software solutions that operate on different computing platforms;
- (c) Enhancing and improving our existing range of manufacturing system solutions; and
- (d) Increasing the functionality of our manufacturing system solutions.

Through the R&D activities listed above, we aim to realise the following benefits:

- (a) Increase revenue and profitability;
- (b) Sustain and grow our business;
- (c) Expand our potential customer base by developing manufacturing software solutions for new user industries;
- (d) Sustain competitive advantages; and
- (e) Increase our customers' satisfaction.

We are currently carrying out R&D work on several new manufacturing software solutions:

- (a) Test CAPS solution, which is a further development of our existing CAPS Assembly solutions;
- (b) Manufacturing software solutions for process manufacturing industries, such as the pharmaceutical, chemical and food processing industries; and
- (c) Manufacturing software solutions for discrete manufacturing industries, such as the automotive, precision parts and solar industries.



## 7. OUR BUSINESS (Cont'd)

In the near future, we expect to commence R&D work on new manufacturing software solutions, namely Test CAPS, IPASS Test LIP and iConnect as disclosed in Section 7.19.1 of this Prospectus.

### 7.14.2 R&D facilities and personnel

Our R&D activities primarily involve software development work, which we carry out at our offices located at Cyberjaya and Ipoh.

Our R&D equipment consists primarily of general IT hardware and software. Thus would include, among others:

#### Hardware

- servers;
- storage devices;
- output devices like printers;
- input devices like scanners;

#### Software

- Linux operating system;
- Windows operating system;
- Mac OS X operating system;
- Solaris operating systems;
- C++, PERL, and PHP programming language, scripting and compilers;
- MySQL and Oracle databases;
- Web-based development tools.

As at LPD, we have 50 software engineers engaged in software development and support activities, including R&D.

### 7.14.3 R&D expenditure

Our expenditure on R&D activities during the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011 are as follows:

	FYE 31 December					
	2008		2009		2010	
	Expenditure (RM '000)	Proportion of Revenue (%)	Expenditure (RM '000)	Proportion of Revenue (%)	Expenditure (RM '000)	Proportion of Revenue (%)
R&D expenditure	593	7.72	814	6.82	1,353	9.05

	FPE 30 April 2011	
	Expenditure (RM '000)	Proportion of Revenue (%)
R&D expenditure	361	6.50

**7. OUR BUSINESS (Cont'd)**

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**7.15 Business Interruptions**

There has been no material interruption to our business operations over the past 12 months.

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## 7. OUR BUSINESS (Cont'd)

## 7.16 Property, Plant and Equipment

## 7.16.1 Property

iMSC is the registered owner of all the properties owned by our Group. Details of the properties owned as at LPD are set out as follows:

Postal address/ Title particulars	Tenure/ Expiry date of lease	Built-up area (square feet)	Description/ Existing use	Date of Certificate of Fitness for Occupation ("CFO")	Major encumbrances	Net carrying amount as at 30 April 2011 (RM'000)
No. 13B-4, Block D2, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan Strata Title Geran 46494/M1- B/4/229 No. Petak 229 Tingkat No. 4 Bangunan No. M1-B Lot No. 42410 Pekan Cempaka, Daerah Petaling, State of Selangor	Freehold	774	Shop office unit used as storage	17 July 1999	None	174
No. 5-4, Block E2, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan Strata Title Geran 46496/M1-A/4/84 No. Petak 84 Tingkat No. 4 Bangunan No. M1-A Lot No. 42440 Pekan Cempaka, Daerah Petaling, State of Selangor	Freehold	1,733	Shop office unit occupied for office use	21 December 1998 <sup>(1)</sup>	None	349
No. 7-4, Block E2, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan Strata Title Geran 46496/M1-A/4/83 No. Petak 83 Tingkat No. 4 Bangunan No. M1-A Lot No. 42440 Pekan Cempaka, Daerah Petaling, State of Selangor	Freehold	1,733	Shop office unit occupied for office use	21 December 1998 <sup>(1)</sup>	None	340

## 7. OUR BUSINESS (Cont'd)

Postal address/ Title particulars	Tenure/ Expiry date of lease	Built-up area (square feet)	Description/ Existing use	Date of Certificate of Fitness for Occupation ("CFO")	Major encumbrances	Net carrying amount as at 30 April 2011 (RM'000)
No. 7-4, Block F1, Jalan P.JU 1/42, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan Strata Title Geran 46496/M1- B/4/169 No. Petak 169 Tingkat No. 4 Bangunan No. M1-B Lot No. 42440 Pekan Cempaka, Daerah Petaling, State of Selangor	Freehold	774	Shop office unit rented out for a monthly rental payment of RM1,000	21 December 1998 <sup>(1)</sup>	None	165

Note:

(1) The CFO only covers the ground/first floor units of each block explicitly and contains no specific mention of the upper floor units, including those owned by our Group. Based on checks with Majlis Bandaraya Petaling Jaya (formerly known as Majlis Perbandaran Petaling Jaya) ("MBPJ"), MBPJ has clarified verbally that it is their general practice to issue a general CFO for the entire block and that they do not list out each unit number on the CFO.

To the best of our Directors' knowledge, all the properties disclosed above are not subject to any regulatory requirement or environmental issue, which may materially affect our Group's operations and utilisation of assets.

We had, on 30 June 2011, entered into a sale and purchase agreement with Sierra Peninsular Development Sdn Bhd to acquire the following property, which is only expected to be completed by 2014:

Postal address/ Title particulars	Tenure/ Expiry date of lease	Built-up area (square feet)	Description	Major encumbrances	Acquisition price (RM'000)
Parcel no: A-05, Block no: A, 30 Jewels-Icon City to be constructed on the piece of leasehold land held under H.S.(M) 528, PT 245, Mukim Damansara, Daerah Petaling, Negeri Selangor	Leasehold/ 29 September 2074	14,021	Office unit	(1)	10,500

Note:

(1) Pending application for loan to finance the acquisition.

## 7. OUR BUSINESS (Cont'd)

Details of the rented properties of our Group as at LPD are set out as follows:

Landlord	Tenant	Address	Built-up area (square feet)	Description/ Existing use	Date of CFO	Monthly rental payment	Current term/ Expiration of lease
Cyberview Sdn Bhd	iMSC	A-1-02, Block A, 1 <sup>st</sup> Floor SME Technopreneur Centre Cyberjaya, 2270 Jalan Usahawan 2, 63000 Cyberjaya, Selangor	699	Office unit used as software development office	20 July 2005	RM1,748	Two (2) years ending 14 April 2012
Ho Chew Yoke	iSystems	Block A-2-1, Prima Condominium Ascot, Jalan Raja DiHilir, 30350 Ipoh, Perak	1,350	Condominium unit used as accommodation for staff	N/A <sup>(3)</sup>	RM1,400	One (1) year ending 31 July 2012
Chong Sau Leng	iSystems	Block 10-A-3, Prima Condominium Ascot, Jalan Raja DiHilir, 30350 Ipoh, Perak	1,350	Condominium unit used as accommodation for staff	N/A <sup>(3)</sup>	RM1,200	Month-to-month basis <sup>(1)</sup>
Lorraine Vellapan	iSystems	B-6-2, Kondominium Prima Ipoh, Prima Kondo, Jalan Raja DiHilir, 30350 Ipoh, Perak	1,552	Condominium unit used as accommodation for staff	N/A <sup>(3)</sup>	RM1,500	One (1) year ending 6 June 2012
Chong Ngun Kin	Lai Mee Chian <sup>(2)</sup>	846-A 1st Floor, Jalan Teratai 36/17, Taman Indahpura, 81000 Kulai, Johor	1,650	Shop office unit used as sales and marketing office of iSystems	8 November 2002	RM1,650	Two (2) years ending 30 June 2012
Perak E-Organization Sdn Bhd	OS Solutions	Suite 9 Level 10, Perak Techno-Trade Centre, Bandar Meru Raya, Off Jalan Jelapang, 30020 Ipoh, Perak	765	Office unit used as software development office	11 June 2007	RM1,760	One (1) year ending 31 January 2012
Ang Hua Hua	iMSC Singapore	Blk 649, Ang Mo Kio Ave 5, #13-3323, Singapore 560649	882	Condominium unit used as accommodation for staff	N/A <sup>(4)</sup>	SGD1,900	One (1) year ending 8 March 2012

## 7. OUR BUSINESS (Cont'd)

Landlord	Tenant	Address	Built-up area (square feet)	Description/ Existing use	Date of CFO	Monthly rental payment	Current term/ Expiration of lease
Freedom Group Private Limited	MSC Singapore	14 Robinson Road #13-00, Far East Finance Building, Singapore 048545	N/A	Virtual office used as business address of IMSC Singapore	N/A	SGD99	One (1) year ending 10 November 2011

## Notes:

N/A Not applicable.

(1) Although the tenancy agreement has expired on 5 June 2005, the tenancy continues on a month-to-month basis. Two (2) months prior notice is required for termination of the tenancy.

(2) The tenancy agreement was entered into by Lai Mee Chian, an employee of our Group. It is our sales and marketing office in Kulai, Johor and we bear the rental costs.

(3) Unable to obtain CFO despite checks with the respective landlords and efforts to contact the developer.

(4) Unable to obtain CFO. However, the rented property is developed by the Housing Development Board, a statutory board of the Government of Singapore.

To the best of our Directors' knowledge, our rented properties are not subject to any regulatory requirement or environmental issue, which may materially affect our Group's operations and utilisation of assets.

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## 7. OUR BUSINESS (Cont'd)

### 7.16.2 Material plans to construct, expand or improve facilities

As at LPD, we do not have any material plan to construct, expand or improve our facilities.

### 7.17 Our Major Customers

The customers that accounted for 10% or more of our revenue for the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011 are set out as follows:

Customer Name	FYE 31 December					
	2008		2009		2010	
	Revenue (RM'000)	% of Revenue (%)	Revenue (RM'000)	% of Revenue (%)	Revenue (RM'000)	% of Revenue (%)
Unisem (M) Berhad	3,587	48.67	3,637	30.48	4,755	31.81
PT Unisem	789	10.27	2,337	19.58	1,744	11.67
NEC Semiconductors (Malaysia) Sdn Bhd (now known as Renesas Semiconductor KL Sdn Bhd)	-	0.00	1,323	11.09	-	0.00
Unisem Chengdu Co., Ltd	872	11.35	817	6.85	1,734	11.60
Lexmark International (Philippines) Inc	795	10.34	372	3.12	685	4.58
iDimension Systems Pte Ltd (now known as Paradigm Excellence Pte Ltd) <sup>(1)</sup>	156	2.03	1,384	11.60	14	0.09
Stats Chippac Malaysia Sdn Bhd	-	0.00	-	0.00	-	0.00

Customer Name	4-month FPE 30 April 2011	
	Revenue (RM'000)	% of Revenue (%)
Unisem (M) Berhad	1,424	25.64
PT Unisem	36	0.65
NEC Semiconductors (Malaysia) Sdn Bhd (now known as Renesas Semiconductor KL Sdn Bhd)	87	1.57
Unisem Chengdu Co., Ltd	287	5.17
Lexmark International (Philippines) Inc	-	0.00
iDimension Systems Pte Ltd (now known as Paradigm Excellence Pte Ltd) <sup>(1)</sup>	-	0.00
Stats Chippac Malaysia Sdn Bhd	1,027	18.49

Note:

- (1) *iDimension Systems Pte Ltd, now known as Paradigm Excellence Pte Ltd, was a related party. It has ceased to be a related party on 25 May 2010 pursuant to being disposed by Daniel Boo and Pang Laa Fung.*

We may be dependent on the the Unisem group of companies, which consists of Unisem (M) Berhad and its subsidiaries, namely Unisem Chengdu Co., Ltd and PT Unisem (collectively known as the "Unisem Group"), by virtue of the Unisem Group's contribution to our revenue as illustrated in the table above. Please refer to Section 5.3.2 of this Prospectus for details in relation to our dependence on the Unisem Group and our mitigating factor against this dependence.

**7. OUR BUSINESS (Cont'd)****7.18 Our Major Suppliers**

Suppliers that accounted for 10% or more of our purchases for the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011 are set out as follows:

Supplier Name	FYE 31 December					
	2008		2009		2010	
	Purchases (RM'000)	% of Purchases (%)	Purchases (RM'000)	% of Purchases (%)	Purchases (RM'000)	% of Purchases (%)
Siemens Product Lifecycle Management Software (SG) Pte Ltd	31	1.71	617	34.92	401	22.38
Microsoft Regional Sales Corporation	701	38.54	607	34.35	599	33.43
Datanet Quality Systems	150	8.25	426	24.11	200	11.16
Miracom Inc	824	45.30	-	0.00	172	9.60
Perfect Model Sdn Bhd	-	0.00	-	0.00	304	16.96

Supplier Name	FPE 30 April 2011	
	Purchases (RM'000)	% of Purchases (%)
Siemens Product Lifecycle Management Software (SG) Pte Ltd	38	7.04
Microsoft Regional Sales Corporation	438	80.74
Datanet Quality Systems	18	3.33
Miracom Inc	-	0.00
Perfect Model Sdn Bhd	18	3.33

Our business is somewhat dependent on our three (3) largest suppliers, Siemens Product Lifecycle Management Software (SG) Pte Ltd, Microsoft Regional Sales Corporation and Datanet Quality Systems by virtue of our considerable volume of purchases from them as illustrated in the table above. Please refer to Section 5.3.3 of this Prospectus for details in relation to our dependence on our major suppliers and our mitigating factor against this dependence.

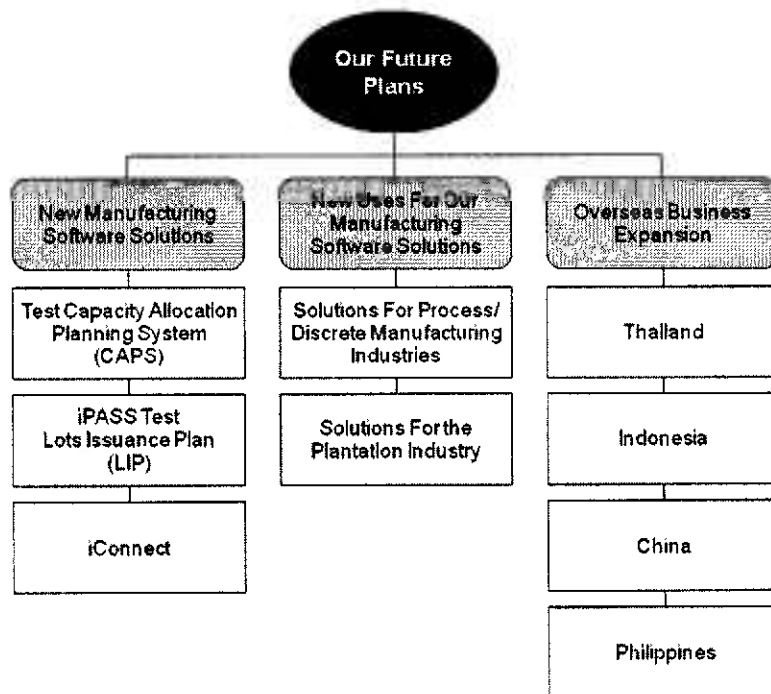
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## 7. OUR BUSINESS (Cont'd)

### 7.19 Our Future Plans, Strategies and Prospects

Our future plans are focused in the following key areas:



#### 7.19.1 New manufacturing software solutions

##### (a) Test CAPS

We plan to develop Test CAPS, which is a centralised system designed to facilitate automatic capacity planning. The capacity planning process is based on relevant information such as forecasts, product attributes, machine and tooling inventory and capability, resource processing rate and utilisation across all manufacturing facilities within a company, regardless of where the facilities' physical locations are. Test CAPS centralises capacity planning and standardises capacity methodologies to generate accurate, reliable and realistic planning, resulting in shorter planning calculation cycle from days to hours and faster response to customer demand change. In addition to considering Tester and Handler inventory figures, the system also takes into account loading preferences, supported by information such as whether or not the Testers are consigned, and highest revenue generation per period of time.

The availability of test card, load board and change kit will also be a differentiating factor on which Testers and Handlers the chips are going to load into. Test cards are Printed Circuit Boards (PCB) in ATE systems which can conduct different current, voltage, digital test and frequencies. Load boards and test boards are the interface between the semiconductor device under test and the test head of the parametric tester or ATE. A load board usually consists of a test socket or a contractor that holds a semiconductor device and mounts to a PCB, which mounts to the test head of the ATE. Ideally, the load board provides an essentially transparent mechanical and electrical interface between the semiconductor device and the ATE. This allows for accurate and reliable verification of semiconductor device circuit integrity and performance. Change kits are used to enable equipment to make use of semiconductor devices that may be packaged differently.

## 7. OUR BUSINESS (Cont'd)

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We expect to begin commercialising Test CAPS by 2012.

### (b) iPASS Test Lots Issuance Plan (LIP)

We plan to develop iPASS Test LIP, which is a multi-constraint based lot release method and system with finite capacity modelling on bottleneck quantity recognition, machine resource utilisation plan and with respect to real-time shop floor work-in-progress ("WIP") status. iPASS Test LIP achieves this by following previous loading patterns and balancing line WIP in back-end packaging for test process. Information on production shop floor status, including the inventory and WIP date, is captured before iPASS Test LIP starts the lot release. The system releases lots by firstly prioritising them according to a multi-attribute lot prioritisation criteria, and then applying the predefined multiple constraints to the sorted queue of lots, and finally the finite capacity is allocated to them sequentially. The released schedule serves, as the guide for the production control to ensure the right mix of lots will be released into the shop floor. Forecasted and committed finished goods dates are generated at the planning level for customer order commitment and Available-to-Promise (ATP) is provided for *ad hoc* customer enquiry.

We expect to begin commercialising iPASS Test LIP by 2013.

### (c) iConnect

We plan to develop iConnect, which is a cross platform EA solution that can easily integrate MES with semiconductor equipment through an open-source JMS messaging framework. The following are some of iConnect's features:

- Extensible Markup Language (XML)-based component development methodology for large and high speed protocol communication;
- Powerful and flexible built-in data collection;
- No down time required to modify tool host application;
- Graphical User Interface (GUI)-based development tool support;
- Use XML to implement business logic;
- Configurable channel support;
- Callback function development;
- Minimum coding for callback function development to connect with automation components (reuse support); and
- Compliant with Semiconductor Equipment and Materials International (SEMI) E4, E5, E10, E30, E42, EDA standards.

We expect to begin commercialising iConnect by 2012.

## 7.19.2 Software solutions for other industries

### (a) Solutions for process/discrete manufacturing industries

We plan to develop manufacturing software solutions for customers in process manufacturing industries, such as the pharmaceutical, chemical and food processing industries. Our current range of manufacturing software solutions is optimised for customers involved in discrete manufacturing, such as in the semiconductor and consumer electronics manufacturing industries.

## 7. OUR BUSINESS (Cont'd)

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In process manufacturing industries, products are produced continuously or as batches. In discrete manufacturing, individual items are produced. As a result, the tracking methodology and factors that have to be tracked in process manufacturing and discrete manufacturing are different. In discrete manufacturing, factors such as raw materials and routing are important, whereas in process manufacturing the important factors may include formulation, routing, ingredients, units of measure, and pricing.

We expect to begin commercialising our software solutions for process and discrete manufacturing industries by 2012.

### (b) Software solutions for the plantation industry

We are also currently looking into the development of plantation management solutions to complement our current suite of applications in the manufacturing sector. These solutions would be either developed in-house or together with an identified partner.

We expect to begin commercialising our software solutions for the plantation industry in 2011.

### 7.19.3 Overseas business expansion

We plan to undertake overseas business expansion to further diversify our markets and expand our customer base.

We plan to expand our presence in Thailand, Indonesia, China and the Philippines. We intend to market our proprietary and customised manufacturing software solutions and value-added third-party solutions to customers in these countries. We expect to have a presence in each of these countries by 2012.

We have also appointed overseas resellers to help distribute our manufacturing software solutions in overseas markets. We have appointed resellers to market and distribute our proprietary OTrack solutions in the Philippines and in the United Kingdom.

### 7.19.4 Prospects of our Group

The prospects of our Group are favourable in light of the following factors:

- Our strong business performance to-date;
- Our competitive advantages and key strengths;
- Our future plans to create growth; and
- Industry outlook.

#### (a) Our strong business performance to-date

Our good business performance is supported by the following financial achievements between the financial years ended 31 December 2008 and 2010:

- (i) Our revenue grew from approximately RM7.69 million to approximately RM14.95 million between the financial years ended 31 December 2008 and 2010. This represented an average annual growth rate of approximately 40.28%;

## 7. OUR BUSINESS (Cont'd)

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- (ii) Our PBT grew from approximately RM4.03 million to approximately RM8.48 million between the financial years ended 31 December 2008 and 2010. This represented an average annual growth rate of approximately 92%; and
- (iii) Our PBT margin grew from 52.48% to 56.72% between the financial years ended 31 December 2008 and 2010.

The good financial performance over the last three (3) years will provide us with the platform for continuing business success and growth.

### (b) Our competitive advantages and key strengths

We have significant competitive advantages and key strengths that will enable us to compete successfully as well as provide us with growth prospects. Our competitive advantages and key strengths are as follows:

- (i) **We have developed proprietary and customised software solutions**, which enables us to resell our proprietary and customised software solutions without constraint.
- (ii) **We have in-house software development capability**, which allows us to develop new applications, functions and solutions to meet market needs. We also have the ability to undertake modifications, customisation and updates expediently and cost effectively. Our in-house software development capabilities means all our software source codes are our intellectual property.
- (iii) **We specialise in the semiconductor industry**, and have served customers in the semiconductor industry since the formation of our Group, providing us with a strong knowledge and skills base pertinent to the semiconductor industry. For the FYE 31 December 2010 and the 4-month FPE 30 April 2011, revenues derived from servicing customers in the semiconductor industry amounted to approximately 57.06% and 56.90% respectively of our total revenue.
- (iv) **We are a total integrated solutions provider**, and are engaged in providing total integrated manufacturing software solutions. This capability is a key strength as it enables us to position ourselves as a one-stop supplier of manufacturing software solutions. We can position ourselves as the main solutions provider when we compete for manufacturing software solutions projects, and exercise a high degree of control over our projects.
- (v) **We earn recurring revenue**, as we are also retained to provide systems maintenance for our customers.
- (vi) **We have developed an export customer base**, with export revenue ranged between 41.24% and 49.83% of our total revenue for the past three (3) financial years up to the FYE 31 December 2010. Our export base will provide us with reference sites to help us gain new customers locally as well as overseas.

**7. OUR BUSINESS (Cont'd)**

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(vii) **We have a potentially large overseas market place**, as we own the intellectual properties of our software solutions and are able to export these software overseas with only minor modifications. This allows us to enlarge our potential markets significantly compared to being restricted only to Malaysia and also helps diversify our reliance on any one market.

**(c) Our future plans to create growth**

Our future plans will create growth opportunities and promote business diversity. All these factors will contribute to the favourable prospects of our Group.

Our planned Test CAPS is a centralised system designed to facilitate automatic capacity planning. We also intend to develop iPASS Test LIP, which is a multi-constraint based lot release method and system with finite capacity modelling. In addition, we plan to develop iConnect, which is a cross platform EA solution that can easily integrate MES with semiconductor equipment through an open-source JMS messaging framework.

We plan to develop manufacturing software solutions to serve a wider range of user industries, including process and discrete manufacturing industries. We are also currently looking into the development of plantation management solutions to complement our current suite of applications in the manufacturing sector. These future plans will broaden and enlarge our customer base.

We plan to expand overseas in countries such as Thailand, Indonesia, China, and the Philippines to enlarge the size of our potential market.

**(d) Industry outlook**

In general, the outlook of the IT industry in Malaysia will be dependent on the performance of the Malaysian economy as a whole, and on the performance of its main user industries such as the manufacturing sector.

Please refer to Section 11 of the Independent Assessment of the IT Industry Focusing on the Development and Provision of Manufacturing Software Solutions, particularly for the Semiconductor Industry prepared by Vital Factor as enclosed herein under Section 8 of this Prospectus for further information on the industry outlook.

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**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY**

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*(prepared for inclusion in this Prospectus)*



**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

**Vital Factor Consulting Sdn Bhd**

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6 October 2011

The Board of Directors

**iDimension Consolidated Bhd**

3<sup>rd</sup> Floor, 17 Jalan Ipoh Kecil

50350 Kuala Lumpur

Dear Sirs and Madam

**Independent Assessment of the IT Industry Focusing on the Development and Provision of Manufacturing Software Solutions, particularly for the Semiconductor Industry**

The following is an independent assessment of the IT Industry focusing on the Development and Provision of Manufacturing Software Solutions in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the prospectus of iDimension Consolidated Bhd (herein together with all or any one or more of its subsidiaries will be referred to as “**iDimension Group**” or the “**Group**”) in relation to its proposed listing on the ACE Market of Bursa Malaysia Securities Berhad.

iDimension Group is primarily a developer and provider of manufacturing software solutions. Most of the manufacturing software solutions that iDimension Group provides are proprietary or customised solutions, while a small proportion are third-party solutions. iDimension Group supports its customers by providing after-sales software system maintenance services, and supplies its customers with other IT products and services that are related to the Group’s manufacturing software solutions.

The independent assessment shall place some emphasis on software solutions in relation to the Semiconductor Industry, as most of iDimension Group’s revenue was derived from manufacturing software solutions and other services and products provided to operators in the Semiconductor Industry.

## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)

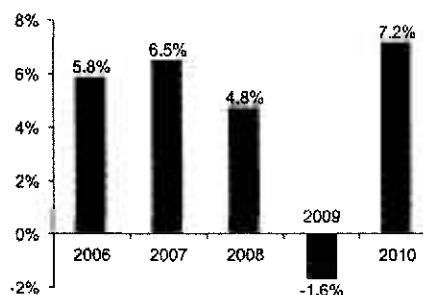


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### 1 ECONOMIC PERFORMANCE OF MALAYSIA

#### I.1 Economic Performance

- The performance of the Malaysian economy has a direct impact on businesses operating in Malaysia. A growing economy will provide the basis for business growth
- Malaysia's real GDP had been growing every year from 2006 to 2008. The Malaysian economy registered growth of 4.8% in 2008, amidst the international financial turmoil and sharp deterioration in the global economic environment. Robust domestic demand, in particular private consumption and strong public spending, supported growth during the year.
- While external demand was strong in the first half of 2008, the sharp and rapid deterioration in the global economic conditions as well as major correction in the commodity prices in the second half led to a contraction in Malaysia's export performance in the latter part of the second half of the year.
- As for 2009, Malaysia's real GDP for the first quarter contracted by 6.2% compared to the same period in the previous year. However, the implementation of fiscal stimulus measures by the Malaysian Government led to the subsequent recovery in the last quarter of 2009. Overall, Malaysia's real GDP for 2009 contracted moderately by 1.6%.
- The Malaysian economy registered real GDP growth of 7.2% in 2010. The growth was driven by expansion in domestic demand, which was supported by higher private and public sector spending.



Source: Bank Negara Malaysia

Figure 1. Real GDP Growth

## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



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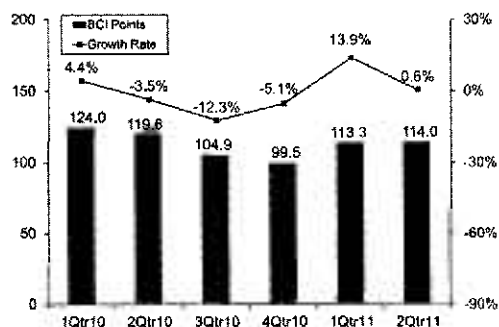
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- During the first quarter of 2011, real GDP growth was 4.9%. The expansion in domestic demand was supported by higher private sector spending. External demand also recorded a stronger growth during the quarter, mainly as a result of regional demand for commodities and non-electrical and electronic products.
- Real GDP growth for the second quarter of 2011 was 4.0% following a weaker external environment. However, overall growth continued to be underpinned by the sustained expansion of private domestic demand. This was further supported by strong exports of commodities and resource-based products given favourable regional demand and high commodity prices.

(Source: Bank Negara Malaysia)

### 1.2 Business Conditions

- The level of confidence of the Malaysian economy within the business community provides an indication of the robustness and likely trend of business activities in Malaysia. A strong business confidence level is expected to boost economic activities that will benefit businesses in Malaysia.



Source: Malaysian Institute of Economic Research

Figure 2. Business Condition Index

- In the first quarter of 2010, the Business Condition Index (BCI) grew by 4.4% to reach 124.0 points. The growth is attributable to the continued increase in domestic order, expected production and expected export sales.
- The BCI contracted by 3.5% to 119.6 points in the second quarter of 2010. The contraction was due to quarter-on-quarter losses recorded by sales, production, new domestic orders, new export orders and capacity utilisation sub-indices. Nevertheless, the BCI remained above its 100-point threshold.
- In the third quarter of 2010, the BCI registered a contraction of 12.3% to 104.9 points. Production, new local and export orders, and expected production and export sales declined significantly, although capacity utilisation of businesses grew marginally.



## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



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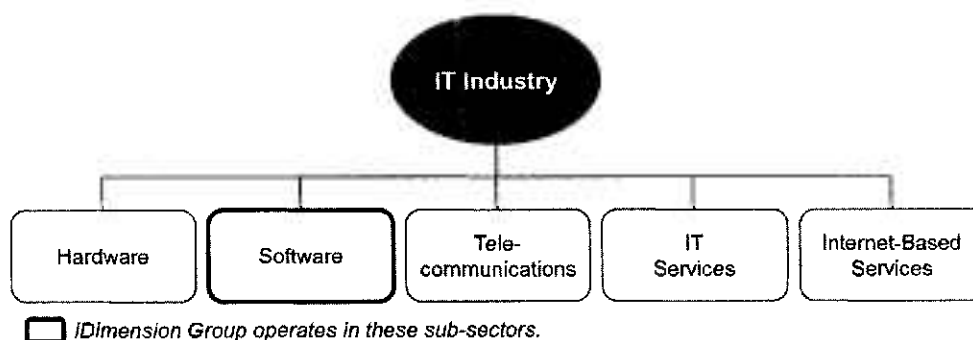
- The BCI declined further by 5.1% to 99.5 points in the fourth quarter of 2010. Businesses recorded lower sales, expected export sales was also lower while capacity utilisation of businesses remained stable. However, production and expected production increased marginally.
- After declining for three consecutive quarters, the BCI recovered and surpassed its 100-point threshold in the first quarter of 2011 by reaching 113.3 points, representing a growth of 13.9%. Growth was driven by higher sales and new export orders, as well as positive expectations for production and export sales.
- In the second quarter of 2011, the BCI grew marginally by 0.6% to 114.0 points. Although new domestic orders and production increased while export orders remained stable, there were concerns over future production and export sales.

*(Source: Malaysian Institute of Economic Research)*

## 2 OVERALL INDUSTRY STRUCTURE

### 2.1 Structure of the IT Industry

- The IT Industry is depicted as follows:



**Figure 3. Structure of the IT Industry**

- The **hardware** sub-sector is concerned with physical computing related devices and is segmented into three major subsections:
  - Processor hardware such as mainframes, midrange systems, desktop computers, notebooks, servers and others;

8. **INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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- Input/output devices such as keyboards, scanners, desktop monitors, printers, speakers and others;
- Storage devices such as solid-state drives, optical disks and hard disks.
  
- The **software** sub-sector involves encoded programs that run on hardware. There are four major types of software:
  - Operating systems;
  - Application software;
  - Systems and development tools;
  - Platforms.
  
- The **telecommunications** sub-sector involves the transmission of signals to enable communications, and includes:
  - Designing and manufacturing communications equipment such as hubs, routers, switches, bridges and modems;
  - Maintaining and operating data networks, including copper wire, fibre optic and wireless networks.
  
- The **IT services** sub-sector includes:
  - Software development;
  - Systems/network integration;
  - Facilities management/outsourcing;
  - Consulting and professional services;
  - Education and training;
  - User support services;
  - Sales and distribution.
  
- The **Internet-based services** sub-sector includes, among others:
  - Cloud computing services, including Software-as-a-Service, Infrastructure-as-a-Service, and Platform-as-a-Service;
  - Content, including content in the form of video, audio, still images and text;
  - Platforms, including social networking platforms, e-mail platforms and image posting platforms;
  - Security, such as anti-virus and anti-spam software;
  - e-commerce websites.
  
- The manufacturing software solutions developed by iDimension Group are categorised as application software. iDimension Group primarily operates in the software sub-sector of the overall IT Industry.

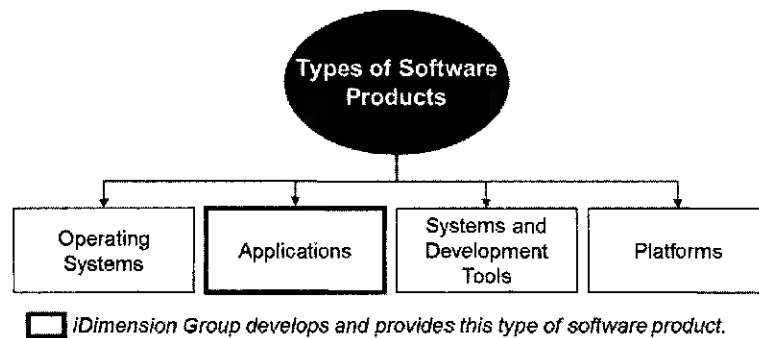
## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



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### 2.2 Types of Software

- In general, the main classes of software are depicted in the following diagram:



**Figure 4. Types of Software**

- System software** refers to software that is designed to operate computer hardware, and to provide and maintain a platform for running application software. The main types of system software are:

  - Computer Basic Input/Output System (BIOS) and device firmware;
  - The operating system, which allows the various components of a computer to work together, serves as the interface between the user and the hardware, and provides a platform to run other software. The main operating systems that are currently in use are Microsoft Windows, Mac OS X, and Linux;
  - Utility software, which is used to analyse, configure, optimise and maintain the computer.
- Application software** is a type of software that is designed to perform one or more tasks for users. Application software can be programmed to manipulate information in the form of text, numbers, graphics, sound, still images and moving images or some combination of these elements, depending on the task for which it is designed. Some examples of application software include manufacturing software solutions, accounting software, word processors, spreadsheet programs, engineering software and graphics software.

## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



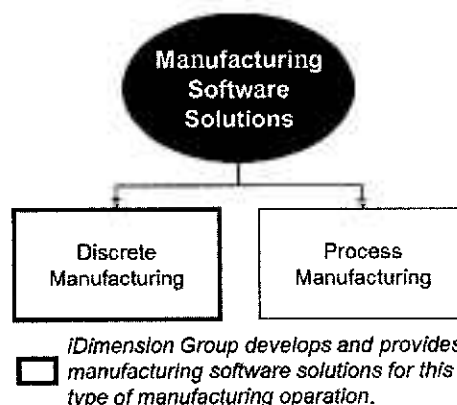
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- **Systems and development tools** (also known as programming software) provides tools to assist a programmer in writing computer programs. Examples of systems and development tools include programming languages and compilers, performance analysis tools, debugging tools, static analysis and formal verification tools, correctness checking tools, memory usage and optimisation tools, and application build tools.
- **Platform software** is a type of application software that serves to facilitate communications, collaboration or sharing of information among multiple users. It differs from the traditional application software in that the main function of platform software is to facilitate activities rather than process information. Some examples of platform software includes social networking platforms like “Facebook”, video sharing platforms like “YouTube”, photo sharing platforms like “Picasa” and others like emails and blogs.
- iDimension Group is involved in developing manufacturing software solutions, which are categorised as application software.

### 2.3 Manufacturing Software Solutions

- In general, manufacturing software solutions may be categorised according to the type of manufacturing operations that it is designed to manage. The main types of manufacturing software solutions are depicted in the following diagram:



**Figure 5. Types of Manufacturing Software Solutions**

## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



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- In discrete manufacturing, manufacturing operations are concerned with producing output that can be measured and tracked as distinct units, rather than by weight or volume. The products are produced individually, and as a result may be labelled and tracked individually. Examples of products that are produced by discrete manufacturing include semiconductor and electronic devices, cars, motorcycles, trucks, airplanes, consumer electronic devices, medical devices, clothing, footwear and toys.
- In process manufacturing, manufacturing operations are concerned with producing output that is measured by weight or volume, and which cannot be labelled and tracked individually. The products are produced continuously, or in batches. Petroleum refining, chemical production, pharmaceutical production, and food processing are examples of process manufacturing.
- The primary differences between manufacturing software solutions that are designed for discrete manufacturing operations and process manufacturing operations lie in the tracking methodology that is employed, and the factors that are tracked.
- In discrete manufacturing, products may be tracked individually as they make their way through the manufacturing process. The factors that may be tracked include raw materials and routing.
- In process manufacturing, the product is normally tracked as batches. The factors that may be tracked include formulation, routing, ingredients, units of measure, and pricing.
- iDimension Group is currently focused on developing manufacturing software solutions for discrete manufacturing operations. As part of its future plans, the Group intends to develop manufacturing software solutions for process manufacturing operations.

#### 2.4 Manufacturing Software Solutions for the Semiconductor Industry

- Most of iDimension Group's revenue is currently derived from manufacturing software solutions that are developed for operators in the Semiconductor Industry.

**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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- In general, the Semiconductor Industry employs discrete manufacturing techniques in most of its manufacturing processes. Manufacturing software solutions that are catered to the specific requirements of the Semiconductor Industry have been developed to assist operators enhance their efficiency and competitiveness.
- Semiconductor manufacturing has become increasingly complex with advances in technology. Some of the operational issues that manufacturing software solutions help semiconductor manufacturers address may include:
  - Inventory management;
  - Production scheduling to efficiently manage conflicting customer demands and to maximise machinery and equipment usage;
  - Forward and backward product traceability to enable operators to handle complex product tracking issues;
  - Quality control management to ensure that all the required tests and checks are carried out;
  - Data collection and analysis to help operators to improve their manufacturing efficiency and rectify problems;
  - Operators with multiple production facilities may want to integrate individual factory's data collection and management across a standard platform;
  - Customer billing.
- Manufacturing software solutions for the Semiconductor Industry have developed in line with the increasingly complex demands of the industry. Manufacturing software solutions for the Semiconductor Industry typically comprises individual modules that may be integrated with one another. The individual modules are normally developed to perform a specific task.
- In some instances, users of the manufacturing software solutions may make use of modules developed by more than one developer.

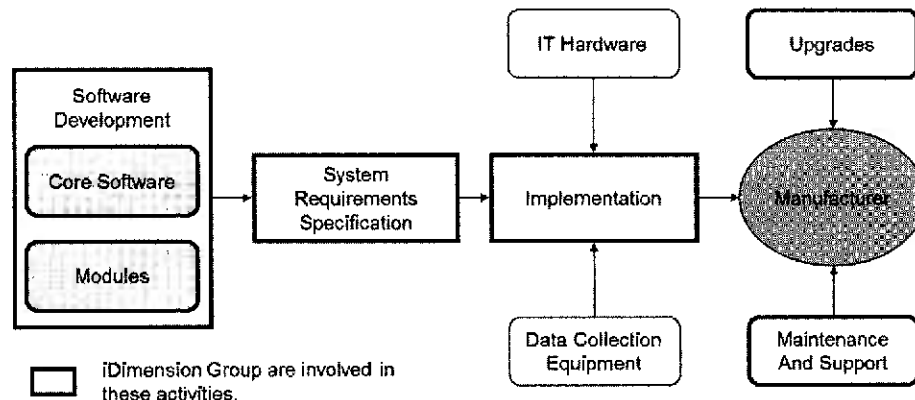
## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



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### 2.5 Manufacturing Software Solutions Supply and Value Chain

- iDimension Group's position within the supply and value chain for the development and provision of manufacturing software solutions is depicted in the following diagram:



**Figure 6. Value Chain for Manufacturing Software Solutions**

- In the software development phase, software developers design and develop the computer programs that are used to run the manufacturing software solution. The software developer may develop the core software that runs the manufacturing software solutions.
- The software developer may also develop software modules that work with manufacturing software solutions developed by other software developers, and perform specific tasks.
- In the systems requirements specification phase, the manufacturing software solution is adapted to meet the business needs of individual manufacturing facilities. This is necessary as each manufacturing facility is different, and some degree of customisation is usually required.
- The manufacturing software solution is then implemented at the manufacturing facility. Implementation normally involves installation of the manufacturing software solutions, IT hardware and data collection equipment.

**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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- The manufacturing software solution will normally require after-sales maintenance and support to ensure that it performs efficiently with minimum downtime. Users may also upgrade their manufacturing software solution to improve or expand its functionality.
- iDimension Group is positioned as an integrated one-stop provider of manufacturing software solutions. The Group has developed a range of proprietary core software, as well as customised modules for use with third-party manufacturing software solutions.
- The Group carries out system requirements specification to customise its manufacturing software solutions to meet individual customer's needs, and implements its manufacturing software solutions at the customer's manufacturing facility.
- The Group also provides after-sales upgrading, maintenance and support services.

**3 THREAT OF SUBSTITUTE**

- The manufacturing software solutions that are developed and provided by iDimension Group are primarily used by operators in the Manufacturing Industry.
- A substitute for enterprise application software solutions is the traditional or non-IT manual system. Examples include manual data collection, manual filing, manual calculation and manual stock quantity adjustments.
- Although the manual system is a substitute, it has several disadvantages:
  - Difficulty in keeping track of updates as collecting data takes time, especially for manufacturing operators with large operations and stock. This encourages information inaccuracy and delay.
  - This difficulty may then compel operators to employ additional personnel, such as factory floor managers, to assist in the collection and control of data, which may lead to an increase in costs.
  - Requires regular staff training to ensure consistency of the operating procedures, which may be costly and time consuming.



**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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- Hence, manual systems may not be a practical substitute for manufacturing software solutions, particularly for large manufacturers that employ complex manufacturing operations. In particular, IT-based manufacturing software solutions provide better storage, retrieval and management of data, and allow decisions to be made in real time. In addition, data capture may be undertaken directly from machine to machine to eliminate data capture errors and provide real time information.

**4 GOVERNMENT LEGISLATION, POLICIES AND INCENTIVES**

**4.1 Government Laws, Regulations and Policies**

- There are currently no licensing or registration requirements in Malaysia for companies that develop and provide manufacturing software solutions or provide supporting services of the type offered by iDimension Group.

**4.2 Multimedia Super Corridor Status**

- In general, the Malaysian Government provides incentives for active MSC status companies under the Promotion of Investment Act 1986.
- A MSC status company that is granted with pioneer status in its field, such as software development, would be given a 100% exemption from taxable statutory income for a period of five years. This exemption can be renewed for one additional five-year period.
- In addition, a company that is conferred with MSC status is also eligible for a 100% Investment Tax Allowance (ITA) on qualifying capital expenditure within a five year period.
- A company that carries out in-house research and development (R&D) activities with the purpose of developing or improving its products and services for its business operations is eligible for a 50% ITA of qualifying capital expenditure within a ten year period.
- Other incentives include:
  - Duty-free importation of multimedia equipment;

## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



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- Provision of R&D facilities and infrastructure if companies are located within MSC Cybercentres such as Cyberjaya, Technology Park, Kuala Lumpur City Centre, UPM-MTDC, Penang Cybercity-1, Kulim High Tech Park, KL Sentral, Melaka International Trade Centre and MSC Cyberport Johor.

*(Source: MSC Malaysia, Multimedia Development Corporation and MIDA)*

- Two companies within the iDimension Group, namely iDimension MSC Sdn Bhd and OS Solutions Sdn Bhd, were granted MSC status on 26 October 2005 and on 15 June 2006 respectively by the Multimedia Development Corporation.

#### 4.3 Research and Development Grant

- The Malaysia Development Council Sdn Bhd awarded a Research and Development Grant of RM0.7 million to iDimension MSC in 2010.

#### 4.4 Trademarks

- In Malaysia, Trade Marks are governed by Trade Marks Act 1976 and Trade Marks Regulation 1997 (Amendment 2001).
- Trademark registration provides trademark owners with the exclusive right to use their marks in trading, and the registration certificate issued by Registrar Office serves as legal evidence.
- The Registrar of Trade Marks is the authority for the registration of trademarks in Malaysia. Registration of trademarks shall be valid for a period of ten years and may be renewed from time to time.
- iDimension Group has submitted applications for the following trademarks, which are currently pending approval:

Trademark	Date Submitted	Class	Description
<b>iDIMENSION</b>	7 March 2008	42	Manufacturing IT solutions provider, IT services and consultancy, all included in Class 42.

## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



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Trademark	Date Submitted	Class	Description
<b>iDIMENSION</b>	8 April 2010	9	Computer programs and software for use in manufacturing and materials management and plant maintenance, all included in Class 9.

- iDimension Group has registered the following trademark with the Intellectual Property Office of Singapore:

Trademark	Validity Period	Class	Description
<b>iDIMENSION</b>	6 May 2010 to 6 May 2020	9 and 42	*

Note: \* Computer programs and software for use in manufacturing and materials management, management and plant maintenance; all included in Class 9.

Creation, development and design of computer programs and software of manufacturing solutions and processes, particularly for use in production, manufacturing and materials management, quality management and plant maintenance, sales and distribution of materials, human resources and project management, general office functions such as word processing, electronic mail and archiving; implementation, installation, analysis, testing, updating and maintenance of computer programs and software; computer software and hardware integration for manufacturing solutions, products and processes; technical consultancy and advice regarding programming, design, development, implementation and installation of computer programs and software; all included in Class 42.

### 4.5 Environmental Regulations

- iDimension Group does not generate any waste that has an adverse effect on the environment as it is primarily engaged in the provision of manufacturing software solutions.

## 5 DEMAND AND SUPPLY

- In general, the level of demand for, and supply of, the IT Industry's products and services can be measured by the total spending on these products and services.

## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



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#### 5.1 Total Spending on IT

- Between 2006 and 2010, total spending on IT in Malaysia increased at an average annual rate of 11.2%. In 2010, the total spending on IT grew by 9.7% to reach RM49.9 billion.

(Source: PIKOM)

- In 2010, total spending on IT was segmented into the following main sub-sectors:

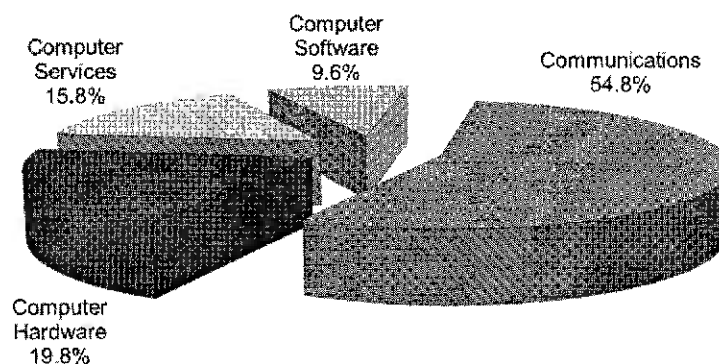


Figure 7. Spending on IT in 2010

- The largest sub-sector was the communications sub-sector, which represented 54.8% of total IT spending in 2010. The computer hardware and computer services sub-sectors represented 19.8% and 15.8% of total IT spending respectively, while the computer software sub-sector accounted for 9.6% of total IT spending in 2010.

(Source: PIKOM)

#### 5.2 Spending on Software

- Between 2006 and 2010, total spending on computer software (a sub-sector of total spending on IT) increased at an average annual rate of 19.8%. In 2010, the total spending on computer software grew by 17.2% to reach RM4.8 billion.

(Source: PIKOM)

**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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**6 DEMAND DEPENDENCIES**

- For the financial year ended 31 December 2010, a large proportion of iDimension Group's customers were involved in the [manufacturing of semiconductor devices]. In addition, iDimension Group's software is able to be easily modified to meet the requirements of most manufacturing operations.
- Hence, demand for iDimension Group's manufacturing software solutions will be influenced by the performance of the overall manufacturing sector, in particular the semiconductor sector.

**6.1 Sales Value of the Manufacturing Industry in Malaysia**

- Between 2006 and 2010, sales value of the Manufacturing Industry in Malaysia increased at an average annual rate of 0.6%. In 2010, the sales value of the Manufacturing Industry grew by 13.8% to reach RM535.5 billion.
- In the first half of 2011, the sales value of the Manufacturing Industry in Malaysia totalled RM291.9 billion, representing a growth of 11.3% compared to the corresponding period in 2010.

*(Source: Department of Statistics)*

**6.2 Sales Value of the Manufacture of Semiconductor Devices in Malaysia**

- Between 2006 and 2010, sales value of the manufacture of semiconductor devices in Malaysia decreased at an average annual rate of 3.2%. In 2010, the sales value of the manufacture of semiconductor devices declined by 5.5% to RM42.7 billion.
- In the first half of 2011, the sales value of the manufacture of semiconductor devices totalled RM24.4 billion, representing a growth of 19.9% compared to the corresponding period in 2010.

*(Source: Department of Statistics)*

**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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**6.3 Valued Added of Manufacturing Industries in China**

- Between 2004 and 2008 (the most recent year for which data is available), value added of the manufacturing industries (at current prices) in China increased at an average annual rate of 18.6%. In 2008, the value added of the manufacturing industries (at current prices) grew by 17.2% to reach RMB10,254 billion.

*(Source: National Bureau of Statistics, China)*

**6.4 Gross Industrial Output Value of the Manufacture of Integrated Circuits in China**

- Between 2005 and 2009, gross industrial output value of the manufacture of integrated circuits (at current prices) in China increased at an average annual rate of 13.6%. In 2009, the gross industrial output value of the manufacture of integrated circuits (at current prices) declined by 17.8% to RMB192.7 billion.

*(Source: China Statistics Yearbook on High Technology Industry)*

**6.5 GDP Contribution of the Manufacturing Sector in Indonesia**

- Preliminary data indicated that between 2006 and 2010, GDP contribution of the manufacturing sector (at current prices) in Indonesia increased at an average annual rate of 14.7%. In 2010, preliminary data indicated that the GDP contribution of the manufacturing sector (at current prices) grew by 7.9% to reach Rupiah 1,594.3 trillion.

*(Source: Bank Sentral Republik Indonesia)*

**6.6 GDP Contribution of the Manufacturing Sector in the Philippines**

- Between 2006 and 2010, GDP contribution of the manufacturing sector (at current prices) in the Philippines increased at an average annual rate of 6.8%. In 2010, the GDP contribution of the manufacturing sector (at current prices) grew by 13.1% to reach Pcsos 1,930.8 billion.

*(Source: National Statistical Coordination Board, Philippines)*

**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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**6.7 Output Value of Semiconductor Devices and Other Electronic Components in the Philippines**

- Between 2006 and 2008 (the most recent year for which data is available), output value of semiconductor devices and other electronic components in the Philippines decreased at an average annual rate of 1.7%. In 2008, the output value of semiconductor devices and other electronic components totalled Pesos 436.4 billion.

*(Source: National Statistics Office, Philippines)*

**6.8 GDP Contribution of the Manufacturing Sector in Thailand**

- Preliminary data indicated that between 2006 and 2010, GDP contribution of the manufacturing sector (at current prices) in Thailand increased at an average annual rate of 7.0%. In 2010, preliminary data indicated that the GDP contribution of the manufacturing sector (at current prices) grew by 16.6% to reach Baht 3,599.7 billion.

*(Source: Office of the National Economic and Social Development Board, Thailand)*

**6.9 Gross Output Value of the Manufacture of Electronic Valves and Tubes, and Other Electronic Components in Thailand**

- In 2007, gross output value of the manufacture of electronic valves and tubes, and other electronic components in Thailand totalled Baht 499.3 billion.

*(Source: National Statistical Office, Thailand)*

**7 SUPPLY DEPENDENCIES**

- The IT Industry's supply dependencies primarily comprise hardware and software.

**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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**7.1 Spending on Computer Software**

- Between 2006 and 2010, total spending on computer software increased at an average annual rate of 19.8%. In 2010, the total spending on computer software grew by 17.2% to reach RM4.8 billion.

*(Source: PIKOM)*

**7.2 Spending on Computer Hardware**

- Between 2006 and 2010, total spending on computer hardware increased at an average annual rate of 10.7%. In 2010, the total spending on computer hardware grew by 10.4% to reach RM9.9 billion.

*(Source: PIKOM)*

**7.3 Sales Value of the Manufacture of Computer and Computer Peripherals**

- According to the Department of Statistics, the manufacture of computer hardware is classified under the “manufacture of computer and computer peripherals” category.
- Between 2006 and 2010, sales value of the manufacture of computer and computer peripherals decreased at an average annual rate of 15.4%. In 2010, the sales value of the manufacture of computer and computer peripherals declined by 13.2% to RM33.3 billion.
- In the first half of 2011, the sales value of the manufacture of computer and computer peripherals totalled RM13.8 billion, representing a decline of 23.9% compared to the corresponding period in 2010.

*(Source: Department of Statistics)*



## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



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### 8 COMPETITION

#### 8.1 Nature of Competition in the IT Industry

- In general, operators in the IT Industry in Malaysia face **normal** competitive conditions, which is similar to a free enterprise environment characterised by the following:
  - There are no undue government regulations or licensing requirements;
  - The industry is not dominated by a single or small number of operators;
  - Operators may enter and leave the industry freely;
  - No single or small group of operators is large enough to dictate pricing.
- In such an environment, the industry is subjected to normal supply and demand conditions moderated by the price mechanism. Operators compete on product and service differentiations, and other factors of competition.

#### 8.2 Factors of Competition

- As with most free enterprise environment, the factors that are used to compete and to differentiate one operator from another include the following:
  - Software development capability;
  - Proprietary software;
  - Strong marketing and brand equity;
  - Ability to create value for customers;
  - Integrated operations.

#### 8.3 Impact of Factors of Competition on iDimension Group

- **Software Development Capability**

Operators with the ability to develop software will be able to create proprietary software and offer unique value propositions to their customers on an ongoing and expedient basis. This will differentiate operators with the ability to develop software from software resellers that do not have the ability to develop their own software. An operator that does not have in-house software development capability will be at a disadvantage, as it is dependent on its software suppliers to keep up with its competitors' developments and with evolving market demand.

## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



### VITAL FACTOR CONSULTING

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In-house software development capability will also enable an operator to continuously modify and develop enhancements for their proprietary software, which will enable the operator to provide on-going support to its customers.

iDimension Group has developed a range of proprietary manufacturing software solutions using its in-house software development capability.

- **Proprietary Software**

Ownership of proprietary software as opposed to reselling third-party software is a major advantage in that the operator is able to continuously modify and develop the software to meet changing needs.

iDimension Group carried out software development to create a range of manufacturing software solutions, and the software is proprietary to the Group. The Group's proprietary software solutions include both complete software solutions and add-on modules for third-party software solutions.

- **Ability to Create Value for Customers**

Operators that offer services that can create continuing value for their customers will increase their ability to hold on to their customers.

iDimension Group's manufacturing software solutions can create value for customers by enhancing their ability to collect, manage and analyse data to improve their productivity.

- **Integrated Operations**

Having an integrated operation for providing manufacturing software solutions should provide an operator with an added advantage over other operators that have to rely on third parties for some of its critical products and services.

An integrated operation provides the advantage of a better understanding of customers' preferences. In addition, an operator with integrated operations is in a better position to ensure that all the components of a manufacturing software solution, such as software, hardware and other resources, work well together for maximum efficiency and effectiveness.

## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



### VITAL FACTOR CONSULTING

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iDimension Group is not only involved in providing manufacturing software solutions, but also in the development of the software solutions. In addition, the Group also carries out in-house software development to improve its products and services as well as develop new ones. The Group also provides after-sales software maintenance services, as well as on-going technical support and technical updates. The highly integrated operation of iDimension Group provides them with a key competitive advantage by positioning the Group as a one-stop operator providing a full solution to customers in the Manufacturing Industry.

#### 8.4 Competitive Intensity

- Competition among operators in the IT Industry for the provision of manufacturing software solutions is based on the following:
  - In general, most developers and/or providers of manufacturing software solutions compete against other developers and with resellers.
  - According to MSC Malaysia of the Multimedia Development Corporation, there are currently approximately 1,150 MSC status companies involved in software development.
  - Operators in the IT Industry in Malaysia will also face competition from operators who are based overseas. Overseas operators either set-up their operations or establish partners or agents for their products and services locally.

#### 8.5 Operators in the Industry

- Some examples of companies that are involved in the development and/or provision of manufacturing software solutions in Malaysia include the following (listed in alphabetical order):
  - Asoft Digital Sdn Bhd (Subsidiary of Asoft Computer Sdn Bhd);
  - Careware Systems Sdn Bhd;
  - DCS Business Solutions (M) Sdn Bhd (Subsidiary of DCS Group);
  - ERPStar Inc Sdn Bhd;
  - Everise Technology Sdn Bhd;
  - **iDimension Consolidated Bhd;**
  - Mexter Technology Berhad;

## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)

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- Optimal Expert Management Solutions Sdn Bhd;
- Ramcosystems Sdn Bhd;
- Rockwell Automation (M) Sdn Bhd;
- SAP Malaysia Sdn Bhd;
- Silkron Technology Sdn Bhd;
- SL Information System Sdn Bhd.

*Note: This is not an exhaustive list.*

*(Source: Vital Factor Consulting Sdn Bhd)*

## 9 BARRIERS TO ENTRY

### 9.1 Set-up Costs

- Set-up costs generally represent a low barrier to entry for a new entrant that wishes to operate as a developer and/or provider of manufacturing software solutions. This is because the tools need to develop or provide software are computer hardware and software, which are relatively low cost.

### 9.2 Skills and Knowledge Base

- Developing manufacturing software solutions requires a high level of technical knowledge and skill, and would create a moderate barrier to entry for a new entrant. Qualified and experienced software engineers and developers are required to define the functionalities and technical specifications, and create the suite of software programs. The level of skills and experience required generally rises as the complexity of the manufacturing software solution increases or if it requires highly specialised functionalities.
- Similarly, if an operator were to provide manufacturing software solutions using third party software, it would still require a high level of skills and knowledge base to be able to scope the work, specify the systems and functionalities required, set the parameters and implement the system.
- Qualified and experienced technicians are also required to maintain the hardware and software, and to rectify faults and fix bugs as and when they occur.

**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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**9.3 Track Record and Market Reputation**

- Track record and market reputation creates a barrier to entry for new entrants who wish to provide manufacturing software solutions. The new entrant has to demonstrate that its manufacturing software solutions are reliable, safe and secure. Users would not want to retrieve and rely on data and information that are inaccurate and incorrect, or run the risk of having their day-to-day operations disrupted by failures in its manufacturing software solutions.
- In this respect, established developers and providers of manufacturing software solutions with a proven track record have an advantage over new entrants.

**10 RELIANCE ON AND VULNERABILITY TO IMPORTS**

- In general, operators in the IT Industry in Malaysia are vulnerable to competition from overseas operators, as there are few limitations to the imports of software to Malaysia or to the use of overseas-based operators. However, vulnerability to competition from overseas operators is reduced by the following factors:
  - Operators based in Malaysia are in a better position to develop the localised content and services that are more likely to meet the requirements of local users;
  - Users are more likely to choose services that are provided in a language that they are familiar with, which reduces competition from services that are not available in these languages.
- Some operators may be reliant on imports of third-party software that are used as platforms to develop their software products. However, operators may be able to reduce or eliminate their dependency on imports of third-party software by developing their own software platform in-house.

**11 INDUSTRY OUTLOOK**

- In general, the outlook of the IT Industry in Malaysia will be dependent on the performance of the Malaysian economy as a whole, and on the performance of its main user industries such as the manufacturing sector.

## 8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)



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- In general, economic conditions in Malaysia were better in 2010 than they were in 2009. In 2009, Malaysia's real GDP contracted by 1.6%. However, the Malaysian economy rebounded by recording a real GDP growth of 7.2% in 2010 driven by expansion in domestic demand, which was supported by higher private and public sector spending. *(Source: Bank Negara Malaysia)*
- Real GDP growth for the first quarter of 2011 was 4.9% led by continued expansion in domestic demand. In the second quarter of 2011, real GDP growth was 4.0% led by sustained expansion in private domestic demand although poor economic conditions in the advanced economies and natural disaster in Japan led to a slowdown in the manufacturing sector. *(Source: Bank Negara Malaysia)*
- As for 2011, the Government of Malaysia has forecasted continuing economic growth of between 5.0% to 6.0%. *(Source: Bank Negara Malaysia)*
- Although the Malaysian economy as a whole contracted in 2009, spending on computer software and computer hardware continued to grow. In 2009, the total spending on computer software grew by 18.4% to reach RM4.1 billion while total spending on computer hardware grew by 9.3% to reach RM9.0 billion. *(Source: PIKOM)*
- In 2010, the total spending on computer software grew by 17.2% to reach RM4.8 billion while total spending on computer hardware grew by 10.4% to reach RM9.9 billion. *(Source: PIKOM)*
- The sales value of the overall manufacturing industry grew by 13.8% in 2010. The sales value of the overall manufacturing industry in the first half of 2011 totalled RM291.9 billion, representing a growth of 11.3% compared to the corresponding period in 2010. *(Source: Department of Statistics)*

## 12 THREATS AND RISKS ANALYSIS

### 12.1 Global Financial Crisis

- Any prolonged and/or widespread economic downturn such as those of the recent global financial turmoil has affected the global and Malaysian economies. This will in turn reduce business confidence.

**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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**Mitigating Factors**

- As evidenced in the past, the Malaysian Government's continued prompt policy flexibility in implementing pro-growth measures to sustain the country's growth momentum, by raising domestic demand to compensate for slower external growth, has helped Malaysian companies to counter some of the effects of the slowdown in the global economy.
- In early November 2008, the Malaysian Government announced a RM7 billion stimulus package, which was to be channeled into 15 projects to promote business activity, and helps minimise the impact of the global financial crisis.
- On 10 March 2009, the Government tabled a mini budget as part of the second stimulus package. The second stimulus package was to be implemented over 2009 and 2010, and will include RM60 billion in spending and incentives.
- It is expected that these measures will help to generate domestic business activities and domestic consumption, which will in turn help counter the slowdown in the local economy.

**12.2 Software Piracy**

- Software can be easily copied, replicated and distributed. Unauthorised copying, replication and distribution deny revenue that is due to the owners of the software, which may have a negative effect on their financial performance.

**Mitigating Factors**

- The risk arising from software piracy is less intense for operators who develop manufacturing software solutions, as these solutions must be customised to suit the specific needs of an organisation or manufacturing plant. Successfully deploying manufacturing software solutions requires some degree of consultation between the software developer and the user, customisation, installation and user training.
- Users will also require after-sales technical support, enhancements, modifications and maintenance services. These services are usually not available with pirated software

**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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**12.3 Advances in Technology**

- The generally rapid rate of technological advances in the IT Industry may lead to the rapid obsolescence of manufacturing software solutions.

**Mitigating Factors**

- Operators with the capability to carry out in-house software development are in a better position to adopt new technological advances. These operators can develop and enhance their manufacturing software solutions to keep up with technological developments, and meet changes in the marketplace.

**12.4 Availability of Freeware**

- Freeware is software that users can legally use without paying any fees to the owner of the software's intellectual property rights. An example of freeware is an Internet-based email application. The ready availability of freeware is a risk to operators, including providers of enterprise application software solutions, who charge a fee to users for the use of their software solutions.

**Mitigating Factors**

- In general, the range of freeware that is currently available is limited to more basic applications. Developers of freeware are typically unable to provide users with value-added services such as consulting services, customisation, or to offer managed services and extensive technical support.
- Freeware is generally not an attractive proposition for business users who wish to implement some sort of manufacturing software solutions, as these solutions must be customised to suit the specific needs of an organisation or manufacturing plant. As a result, manufacturing software solutions require some degree of consultation between the software developer and the user, customisation, installation, user training, and assurance of after-sales technical support, enhancements, modifications and maintenance services. These services are usually not available with freeware.



**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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**13 AREAS OF GROWTH AND OPPORTUNITY**

**13.1 Overseas Markets**

- Software solutions, including manufacturing software solutions, are easily sold and delivered to overseas users. There are opportunities for developers and providers of manufacturing software solutions based in Malaysia to provide their software solutions to users located throughout the world.

**13.2 Diversification to Other User Industries**

- One of the areas of growth and opportunity for operators involved in the development and provision of manufacturing software solutions is to diversify their markets to other user industries.
- The manufacturing software solutions, with some customisations and modifications, may be distributed to users in service-based industries such as the wholesaling, retail, transportation and storage, accommodation and restaurant, and tourism industry sectors.
- Diversification as a strategy can help to reduce dependency on users in the Manufacturing Industry by addressing wider growth opportunities in other industry sectors, including the service-based industries.

**14 CRITICAL SUCCESS FACTORS**

The critical success factors for developers and providers of manufacturing software solutions include the following:

- **In-house Software Development Capability:** Operators that have in-house software development capability are able to expediently create new solutions and enhance existing solutions to meet changing user needs and exploit technological innovations. This is important as technology within the IT industry evolves rapidly and user needs change constantly.
- **Proprietary Software:** Operators in the IT Industry that have ownership of proprietary software have the ability to continuously modify and develop their software.

**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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- **Established track record:** Operators have to demonstrate that the manufacturing software solutions they provide are effective, reliable and secure. As such, operators with strong track record would be in a better position to win the confidence and trusts of potential customers.
- **Strong Marketing and Brand Equity:** As there are a large number of enterprise application software solutions developers and providers both locally and internationally, competition is intense and global in nature. As such, operators that have strong marketing and brand equity would be in a better position to sustain and grow the business.

**15 MARKET SIZE AND SHARE**

**15.1 Market Size**

- In 2010, the market size of the overall IT Industry in Malaysia based on spending was **RM49.9 billion**. (Source: PIKOM)
- In 2010, the market size of the computer software sub-sector of the IT Industry in Malaysia based on spending totalled **RM4.8 billion**. (Source: PIKOM)

**15.2 Market Share**

- The market share of iDimension Group within the computer software sub-sector of the IT Industry is **less than 1%**.

**8. INDEPENDENT ASSESSMENT OF THE IT INDUSTRY FOCUSING ON THE DEVELOPMENT AND PROVISION OF MANUFACTURING SOFTWARE SOLUTIONS, PARTICULARLY FOR THE SEMICONDUCTOR INDUSTRY (Cont'd)**

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Vital Factor Consulting Sdn Bhd had prepared this report in an independent and objective manner and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Wooi Tan', written in a cursive style.

Wooi Tan  
Managing Director

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

### 9.1 Promoters and Substantial Shareholders

#### 9.1.1 Shareholdings

As at LPD, the direct and indirect interests of our Promoters and substantial shareholders before and after the IPO are set out as follows:

Name	Nationality	----- Before the IPO ----->				<----- After the IPO ----->			
		<--- Direct --->		<--- Indirect --->		<--- Direct --->		<--- Indirect --->	
		Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Daniel Boo <sup>(1)(2)</sup>	Malaysian	82,018,039	79.04	<sup>(3)</sup> 2,727,388	2.63	75,018,039	52.83	<sup>(3)</sup> 2,727,388	1.92
Pang Lee Fung <sup>(1)(2)</sup>	Malaysian	5,931,679	5.72	-	0.00	5,931,679	4.18	-	0.00
Khoo Han Sen <sup>(1)</sup>	Malaysian	4,546,044	4.38	-	0.00	4,546,044	3.20	-	0.00
Tan Kian Meng <sup>(1)</sup>	Malaysian	4,546,044	4.38	-	0.00	4,546,044	3.20	-	0.00
Ching Seek Fuj <sup>(1)(2)</sup>	Malaysian	2,727,388	2.63	<sup>(3)</sup> 82,018,039	79.04	2,727,388	1.92	<sup>(3)</sup> 75,018,039	52.83
Kenneth Boo Hui Howe <sup>(1)</sup>	Malaysian	181,746	0.18	-	0.00	* 207,748	0.15	-	0.00

Notes:

\* Assuming full subscription of his entitlement pursuant to the allocation to eligible employees as set out in Section 4.4 of this Prospectus.

(1) Promoter of our Company.

(2) Substantial shareholder of our Company.

(3) Deemed interested by virtue of the direct interest of his/her spouse in iDimension.

Save as disclosed above, our Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises control over our Company.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

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### 9.1.2 Profiles

The profiles of our Promoters and substantial shareholders, all of whom are Malaysians, are set out as follows:

**Daniel Boo**, aged 37, is our Managing Director. He obtained his Bachelor of Engineering in Electrical Engineering (First Class Honours) degree from Universiti Teknologi Malaysia in 1997. He subsequently obtained his Master of Engineering in Engineering Management from Universiti Teknologi Malaysia in 1998. He also obtained APICS Certified in Production and Inventory Management certification from The Association for Operations Management in 2004. He began his career with Mecomb Malaysia as a Sales Engineer in 1997. In 1999, he joined IDS-Gintic Sdn Bhd as the Country Manager. He founded iSystems with Pang Lee Fung in 2001. He is responsible for the overall management of our Group. He specialises in business development in the fields of business process re-engineering, ERP implementation, MES-ERP integration, APS, MES implementation, SPC, and overall equipment effectiveness.

**Pang Lee Fung**, aged 38, is one of our Non-Independent Executive Directors. He obtained his Bachelor of Engineering in Electrical Engineering (Honours) degree from Universiti Teknologi Malaysia in 1997. He also obtained APICS Certified in Production and Inventory Management certification from The Association for Operations Management in 2003. He started his career as a Quality Assurance Test Engineer with Paramount Electronics Sdn Bhd. In 1998, he joined MTDC Digital Sdn Bhd as a Research and Development Engineer, where he was responsible for designing electronic circuitry and digital electronics products, developing firmware and software, and developing prototypes. He founded iSystems with Daniel Boo in 2001. He is responsible for determining our Group's vision and mission, and sets the pace for our operations and future development. He leads our EA team to develop and implement our solutions for our customers.

**Khoo Han Sen**, aged 37, is one of our Non-Independent Executive Directors. He obtained his Bachelor of Science in Mechanical Engineering degree from the University of Nebraska-Lincoln, United States in 1996. He subsequently obtained a Master of Science in Manufacturing Systems Engineering from the same institution in 2000. He obtained APICS Certified in Production and Inventory Management certification from The Association for Operations Management in 2004. He joined IDS-Gintic Sdn Bhd as a Consultant in 2001, where he was responsible for developing software. He joined iSystems as a Managing Consultant in 2002, and was responsible for leading software module development projects. He is currently responsible for managing our APS team.

**Tan Kian Meng**, aged 39, is one of our Non-Independent Executive Directors. He obtained his Bachelor of Engineering degree from Universiti Teknologi Malaysia in 1997. He also obtained APICS Certified Supply Chain Professional certification from The Association for Operations Management in 2003, and APICS Certified in Production and Inventory Management certification from the same body in 2004. He started his career as a Project Engineer with Exact Control Sdn Bhd. He then joined iSystems as a Project Leader in 2001. He was promoted to the position of Project Manager in 2003, where he was responsible for project management and implementation. He is currently responsible for marketing our solutions to prospective customers, as well as coordinating and managing projects.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

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**Ching Seek Fui**, aged 38, obtained her Diploma in Textile and Fashion Design from Malaysian Institute of Art in 1997. She began her career with Whitex Garments (M) Sdn Bhd as Merchandiser in 1997 till 2010. Her last position held at the company was Senior Merchandising Manager. She is currently not in any employment. Ching Seek Fui's interest in our Company is only by virtue of her spousal relationship with Daniel Boo and her shareholding interest in iDimension. She is not involved, directly or indirectly, in the management or operations of our Group nor is she an employee of our Group.

**Kenneth Boo Hui Howe**, aged 29, obtained his Bachelor of Information Technology (Honours) (Information Systems Engineering) degree from Multimedia University in 2004. He began his career with Sunway Computer Services Sdn Bhd as an Account Executive in 2004 where he was responsible for the sale of hardware solutions for end users. In 2005 he joined iSystems as Regional Sales Manager where he has been responsible for the sales and marketing of manufacturing solutions for the South East Asia region. He is also responsible for the management of business relations with Microsoft Corporation.

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**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

**9.1.3 Changes in Promoters' and substantial shareholders' shareholdings**

The changes in the shareholdings of our Promoters and substantial shareholders since our incorporation are set out as follows:

Name	Date	Shareholdings prior to changes		Shares acquired/ (disposed)		Shareholdings after changes		%	
		Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Daniel Boo	20 December 2010	-	-	10	-	10	-	50.00	0.00
	10 February 2011	10	-	(1)	-	9	-	45.00	0.00
	21 February 2011	9	-	79,906,113	( <sup>(1)</sup> 2,727,388	79,906,122	( <sup>(1)</sup> 2,727,388	78.62	2.68
	25 February 2011	79,906,122	( <sup>(1)</sup> 2,727,388	2,111,917	-	82,018,039	( <sup>(1)</sup> 2,727,388	79.04	2.63
Pang Lee Fung	20 December 2010	-	-	10	-	10	-	50.00	0.00
	21 February 2011	10	-	5,910,336	-	5,910,346	-	5.82	0.00
	25 February 2011	5,910,346	-	21,333	-	5,931,679	-	5.72	0.00
Khoo Han Sen	21 February 2011	-	-	4,546,044	-	4,546,044	-	4.38	0.00
	21 February 2011	-	-	4,546,044	-	4,546,044	-	4.38	0.00
Ching Seek Fui	21 February 2011	-	-	2,727,388	( <sup>(1)</sup> 79,906,122	2,727,388	( <sup>(1)</sup> 79,906,122	2.68	78.62
	25 February 2011	2,727,388	( <sup>(1)</sup> 79,906,122	-	( <sup>(1)</sup> 2,111,917	2,727,388	( <sup>(1)</sup> 82,018,039	2.63	79.04
Kenneth Boo Hui Howe	21 February 2011	-	-	181,746	-	181,746	-	0.18	0.00

Note:

(<sup>(1)</sup>) Deemed interested by virtue of the direct interest of his/her spouse in iDimension.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

**9.2 Directors**

Our Board comprises the following members:

Name	Designation	Date of appointment	No. of year(s) in office
Datu Dr Michael Dosim Lunjew	Independent Non-Executive Chairman	11 February 2011	<1 year
Daniel Boo	Managing Director	20 December 2010	<1 year
Pang Lee Fung	Non-Independent Executive Director	20 December 2010	<1 year
Khoo Han Sen	Non-Independent Executive Director	11 February 2011	<1 year
Tan Kian Meng	Non-Independent Executive Director	11 February 2011	<1 year
Chuah Sue Yin	Independent Non-Executive Director	11 February 2011	<1 year
Chong Yuen Chin	Independent Non-Executive Director	11 February 2011	<1 year

In accordance with our Articles of Association, one third (1/3) of our Board (including our Managing Director) will retire by rotation at every annual general meeting of our Company. Each Director shall retire at least once in every three (3) years and shall be eligible for re-election. Any Director appointed within the year shall hold office only until the next annual general meeting and shall then be eligible for re-election. None of the Directors has been appointed for a fixed term.

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**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

**9.2.1 Shareholdings**

As at LPD, based on our Register of Directors' Shareholdings, the direct and indirect interests of our Directors before and after the IPO are set out as follows:

Name	Nationality	<----- Before the IPO ----->				<----- After the IPO ----->			
		<--- Direct --->		<--- Indirect --->		<--- Direct --->		<--- Indirect --->	
		Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Datu Dr Michael Dosim Lunjew	Malaysian	-	0.00	-	0.00	-	0.00	-	0.00
Daniel Boo	Malaysian	82,018,039	79.04	(1) 2,727,388	2.63	75,018,039	52.83	(1) 2,727,388	1.92
Pang Lee Fung	Malaysian	5,931,679	5.72	-	0.00	5,931,679	4.18	-	0.00
Khoo Han Sen	Malaysian	4,546,044	4.38	-	0.00	4,546,044	3.20	-	0.00
Tan Kian Meng	Malaysian	4,546,044	4.38	-	0.00	4,546,044	3.20	-	0.00
Chuah Sue Yin	Malaysian	-	0.00	-	0.00	-	0.00	-	0.00
Chong Yuen Chin	Malaysian	1	0.00	-	0.00	1	0.00	-	0.00

Note:

(1) Deemed interested by virtue of the direct interest of his spouse in iDimension.

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## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

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### 9.2.2 Profiles

Save for Daniel Boo, Pang Lee Fung, Khoo Han Sen and Tan Kian Meng, whose profiles are set out in Section 9.1.2 of this Prospectus, the profiles of our other Directors are set out as follows:

**Datu Dr Michael Dosim Lunjew**, aged 60, is our Independent Non-Executive Chairman. He obtained his Bachelor of Economics (Hons) degree from Universiti Malaya in 1975. He subsequently obtained a Master of Business Administration from the University of Toledo, United States in 1984. He obtained his PhD in Human Resource Management (Training) from Universiti Putra Malaysia in 1994. He began his career as an Assistant Director with MITI in 1975. He subsequently joined the National Institute of Public Administration (INTAN) as a Senior Project Officer in 1980 and was appointed as the Regional Director of the INTAN Southern Campus in Kluang, Johor in 1995. In 1998, he joined the Malaysia External Trade Development Corporation (MATRADE) as the Director of the Trade Research and Development Division. He subsequently re-joined MITI as the Senior Director of the Strategic Planning Division in 2002. He was thereafter appointed as the Deputy Secretary General of the Ministry of Plantation Industries and Commodities in 2004. In 2005, he was appointed as the Secretary General of the Ministry of Plantation Industries and Commodities and retired from the Malaysian public service in 2008. He has served with several Malaysian and international organisations in various capacities, including as the Chairman of the Malaysian Cocoa Board (2005 to 2007); Commission Member of the SC (2005 to 2008); Chairman of the Malaysian Timber Industry Board (2005 to 2008); Chairman of the Malaysian Rubber Board (2007 to 2008); Chairman of the International Rubber Study Group (2006 to 2007); Chairman of the Association of Natural Rubber Producing Countries (2007); and the Joint Chairman of the Malaysia – Indonesia Bilateral Meeting on Commodities (2007 to 2008).

**Chuah Sue Yin**, aged 40, is one of our Independent Non-Executive Directors. She obtained her Bachelor of Science (Honours) in Management Science from the University of Warwick, United Kingdom in 1994. After graduation she began her career with the business assurance division of Coopers & Lybrand Birmingham, United Kingdom. She qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales in 1997. She then joined the risk assurance division of PricewaterhouseCoopers London. She returned to Malaysia in 1999 to join Paul Chuah & Co., a firm of Chartered Accountants as a senior manager. She is also a Chartered Accountant of the Malaysian Institute of Accountants. She was admitted as a Partner of Paul Chuah & Co. in 2004 and was appointed to her current position as Managing Partner in 2007. In the same year, she was admitted as an Associate of the Chartered Tax Institute of Malaysia. She is also a registered auditor of a public interest entity under Section 310 of the Securities Commission Act 1993. In addition, she is an Independent Non-Executive Director and Audit Committee Chairman of Triumphal Associates Berhad.

**Chong Yuen Chin**, aged 38, is one of our Independent Non-Executive Directors. She obtained her Bachelor of Law (LLB) degree from Universiti Malaya in 1998 and chambered under Messrs Cheang & Ariff. In 1999, she was admitted to the Malaysian Bar. She practiced as a lawyer in Messrs Allen & Gledhill and other law firms before joining CS Wong & Partners as a Partner in 2007. She subsequently joined Soh Hayati & Co as a Partner until 2010. She then joined William Leong & Co. as a Partner, and headed the Conveyancing department. She left William Leong & Co. in 2011 to set up her own legal firm, Chong Yuen Chin & Co.

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

**9.2.3 Other principal directorships and principal business activities performed outside our Group**

Save as disclosed below, none of our Directors has any directorship or business activities performed outside our Group over the past five (5) years preceding LPD:

Name	Company	Principal activity	Designation	Date appointed/ (resigned)	Shareholdings as at LPD (%)
Daniel Boo	Eternal Genius Sdn Bhd <sup>(1)</sup> iDimension Systems Pte Ltd (now known as Paradigm Excellence Pte Ltd) <sup>(2)</sup> iDimension Systems (Shanghai) Co. Ltd (艾德曼讯软件(上海)有限公司) <sup>(3)</sup>	Software development and trading Sale and distribution of manufacturing IT software and consultancy services Software design, development and sales in China	Director Director Legal representative	18 October 2006 9 July 2007/ (30 December 2009) 30 April 2005/ (18 June 2010)	51.00 0.00 0.00
Pang Lee Fung	Eternal Genius Sdn Bhd <sup>(1)</sup> iDimension Systems Pte Ltd (now known as Paradigm Excellence Pte Ltd) <sup>(2)</sup>	Software development and trading Sale and distribution of manufacturing IT software and consultancy services	Director Director	18 October 2006 20 January 2001/ (30 December 2009)	49.00 0.00
Khoo Han Sen	Hansen Resources <sup>(4)</sup>	Outsourcing of resources	Sole proprietor	-	0.00
Chuah Sue Yin	Dynamic Melody Sdn Bhd EKTech Communications Sdn Bhd (formerly known as EKTech Consulting Sdn Bhd) EKTech Holdings Sdn Bhd EKTech Systems Engineering Sdn Bhd Empire Business Systems Sdn Bhd Empire Realty Sdn Bhd K. K. San, Liew & Loke Paul Chuah & Co. Paul Chuah Computer Services Sdn Bhd	Operator of music school and related business Provision of mechanical, electrical, information, communications and technology works services, and trading in related products System integration services, project management and IT related services Network, telecommunication, system integration solutions and services Information technology consultancy, service of hardware, software and computer related products Provision of computer maintenance services and related activities, and letting of properties Dormant Provision of audit services Dormant	Director Director Director Director Director Director Partner Managing Partner Director	19 November 2007 4 March 2002 24 June 2011 22 June 2011 25 January 1999 22 July 1994 1 April 2004 1 April 2004 1 April 1999	50.00 0.00 0.01 0.00 0.00 20.00 40.00 40.00 25.00

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Name	Company	Principal activity	Designation	Date appointed/ (resigned)	Shareholdings as at LPD (%)
Chuah Sue Yin (cont'd)	Paul Chuah Corporate Care Sdn Bhd <sup>(5)</sup>	Dormant	Director	1 April 1999	0.00
	Paul Chuah Management Services (K.L.) Sdn Bhd	Provision of management consultancy and management accounting services	Director	25 January 1999	40.00
	Paul Chuah Tax Services (K.L.) Sdn Bhd	Provision of tax and other related services	Director	1 April 2004	40.00
	PCKT Accounting Services Sdn Bhd	Dormant	Director	1 April 1999	25.00
	PCKT Sdn Bhd	Dormant	Director	1 April 1999	0.00
	Stelpa Sendirian Berhad	Investment holding company	Director	22 July 1994	20.00
	Triumphal Associates Berhad	Investment holding, and trading and marketing of spare parts for heavy equipment	Independent Non-Executive Director	23 February 2005	0.00

## Notes:

- (1) Eternal Genius Sdn Bhd was dissolved on 4 November 2010.
- (2) The Company has been disposed by Daniel Boo and Pang Lee Fung on 25 May 2010 to Yeo Boon Hwa. While being a relative of Daniel Boo, she is not regarded to be a connected person. The name of the company has since been changed to Paradigm Excellence Pte Ltd.
- (3) The Company has been disposed, along with its holding company, iDimension Systems Pte Ltd (now known as Paradigm Excellence Pte Ltd) to Yeo Boon Hwa.
- (4) The business registration of Hansen Resources had expired on 15 November 2009.
- (5) Paul Chuah Corporate Care Sdn Bhd is pending to be struck off from the Registry of Companies.

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## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 9.2.4 Representative of corporate shareholders

None of our Directors represent any corporate shareholders.

### 9.2.5 Directors' remuneration and benefits

The remuneration and benefits including performance-based bonuses and benefits-in-kind paid to our Directors for services rendered to our Group in all capacities for the FYE 31 December 2010 totaled approximately RM0.74 million. For the FYE 31 December 2011, the remuneration and benefits including fees but excluding performance-based bonuses and benefits-in-kind estimated to be paid to our Directors for services rendered to the Group in all capacities is approximately RM1 million.

Details of the remuneration for each of our Directors are set out as follows:

Director	Remuneration band of our Directors for the FYE 31 December	
	2010 (RM'000)	2011 (RM'000)
Datu Dr Michael Dosim Lunjew	-	0 – 50
Daniel Boo	250 – 300	300 – 350
Pang Lee Fung	150 – 200	200 – 250
Khoo Han Sen	100 – 150	200 – 250
Tan Kian Meng	100 – 150	200 – 250
Chuah Sue Yin	-	0 – 50
Chong Yuen Chin	-	0 – 50

The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits to our Directors, must be considered and recommended by our Nomination and Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

## 9.3 Committees

### 9.3.1 Audit Committee

Our Audit Committee comprises the following members:

Name	Designation	Directorship
Chuah Sue Yin	Chairman	Independent Non-Executive Director
Datu Dr Michael Dosim Lunjew	Member	Independent Non-Executive Chairman
Chong Yuen Chin	Member	Independent Non-Executive Director

Our Audit Committee is principally responsible for, amongst other, the review of audit plans and audit reports with our auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of the statements of financial position and profit comprehensive income statement, and nomination of the auditors.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

The current composition of the Audit Committee complies with Rule 15.09 of the Listing Requirements. The committee comprises three (3) members, all of whom are Independent Non-Executive Directors. Section 9.2.2 of this Prospectus set out the profiles of the Audit Committee members.

### 9.3.2 Nomination and Remuneration Committees

Our Nomination and Remuneration Committee comprises the following members:

Name	Designation	Directorship
Datu Dr Michael Dosim Lunjew	Chairman	Independent Non-Executive Chairman
Daniel Boo	Member	Managing Director
Chong Yuen Chin	Member	Independent Non-Executive Director

Our Nomination and Remuneration Committee is principally responsible for, amongst others, the following:

- (a) recommending candidates for appointments to our Board, members of board committees, key management positions, assessing the effectiveness of the Board and board committees, as well as arranging orientation programs for new Directors; and
- (b) establishing performance criteria to evaluate the performance of each member of our Board, developing our Group's remuneration policy for our Managing Director and Executive Director(s) for the Board's approval and recommending the remuneration packages and terms of employment of our Managing Director and Executive Director(s) to the Board.

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**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

**9.4 Key Management and Key Technical Personnel**

Our management is headed by Daniel Boo, our Managing Director. He is supported by a team of experienced qualified management personnel, who are responsible for our Group's day-to-day management and operations.

**9.4.1 Shareholdings**

As at LPD, the direct and indirect interests of our key management and key technical personnel before and after the IPO are set out as follows:

Name	Nationality	Designation	Before the IPO			After the IPO *				
			Direct		Indirect	Direct		Indirect		
			Number of Shares	%	Number of Shares	%	Number of Shares	%		
Daniel Boo	Malaysian	Managing Director	82,018,039	79.04	(1) 2,727,388	2.63	75,018,039	52.83	(1) 2,727,388	1.92
Pang Lee Fung	Malaysian	Chief Technical Director	5,931,679	5.72	-	0.00	5,931,679	4.18	-	0.00
Khoo Han Sen	Malaysian	Technical Director	4,546,044	4.38	-	0.00	4,546,044	3.20	-	0.00
Tan Kian Meng	Malaysian	Technical Director	4,546,044	4.38	-	0.00	4,546,044	3.20	-	0.00
Hung Beng Guan	Malaysian	Financial Controller	145,875	0.14	-	0.00	355,875	0.25	-	0.00
Ooi Aik Chong	Malaysian	Senior Manager, ERP Division	981,669	0.95	(1) 363,492	0.35	1,323,669	0.93	(1) 428,492	0.30
David Chia Kong Sieng	Malaysian	Manager, ERP Division	363,492	0.35	-	0.00	428,492	0.30	-	0.00
Mok Wai Leng	Malaysian	Manager, APS Division	363,492	0.35	(1) 981,669	0.95	428,492	0.30	(1) 1,323,669	0.93
Lee Cheok Sze	Malaysian	Manager, MES Division	327,621	0.32	-	0.00	613,621	0.43	-	0.00
Tan Jia Chuen	Malaysian	Manager, EA Division	327,621	0.32	-	0.00	553,621	0.38	-	0.00

Notes:

\* Assuming full subscription of their respective entitlements pursuant to the allocation to eligible employees as set out in Section 4.4 of this Prospectus.

(1) Deemed interested by virtue of the direct interest of his/her spouse in iDimension.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

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### 9.4.2 Profiles

Save for Daniel Boo and Pang Lee Fung, whose profiles are set out in Section 9.1.2 of this Prospectus, and Khoo Han Sen and Tan Kian Meng, whose profiles are set out in Section 9.2.2 of this Prospectus, the profiles of our other key management and technical personnel are set out as follows:

**Hung Beng Guan**, aged 58, is the Financial Controller of our Group. In 1978, he was admitted as Certified Public Accountant by the Malaysian Institute of Certified Public Accountants, and as a Chartered Accountant by the Malaysian Institute of Accountants. He is currently a Fellow Member of the Chartered Tax Institute of Malaysia. He began his career as an Articled Clerk with KPMG Peat Marwick in 1973, and subsequently held various positions responsible in the areas of accounting and finance, company secretarial, corporate finance and operations. He has served as an Executive Directors in several public listed companies in Malaysia. His last position was the Financial Controller for AB Technology (M) Sdn Bhd prior to his appointment as the Financial Controller of our Group in October 2010. He is currently a shareholder and director of Fuji Cahaya Sdn Bhd, a property investment company.

**Ooi Aik Chong**, aged 31, is the Senior Manager of our ERP division. He obtained his Bachelor of Science in Computing (Honours) degree from Staffordshire University, United Kingdom in 2002. He began his career with IAM Wonderware Sdn Bhd as a Systems Engineer, where he was responsible for the technical implementation of MES projects. He joined iSystems in 2003 as a Consultant responsible for implementing ERP projects. He was promoted to the position of Project Manager in 2005, and was appointed as the ERP Division Manager in 2007. He is currently responsible for overseeing our ERP Division's operations and managing and implementing our ERP projects.

**David Chia Kong Sleng**, aged 33, is the Manager of our ERP division. He obtained a Diploma in Science (Business Information System) from Tunku Abdul Rahman College in 1999, and subsequently obtained his Bachelor of Science degree from Campbell University, United States in 2001. He was recognised by Microsoft Corporation as a Microsoft Certified Professional (Dynamic AX Technical Programming & Finance) in 2008. He began his career with Cosway (M) Sdn Bhd as an Analyst Programmer in 2002, where he was responsible for developing in-house systems. He joined iMSC in 2005. He is currently responsible for managing and implementing our ERP projects.

**Mok Wai Leng**, aged 32, is the Manager of our APS division. She obtained an Advanced Diploma in Science from Tunku Abdul Rahman College in 2002, and subsequently obtained her Bachelor of Science Degree from Campbell University, United States in 2002. She began her career as a Customer Service Representative with Mesiniaga Berhad in 2002. In 2003, she joined Tenarium Sdn Bhd as a Senior Programmer, where she was a project implementation team leader. She joined iSystems as an APS Consultant in 2004. She was promoted to the position of Assistant Manager in 2008, and to her current position as Manager of the APS Team in 2009. She is currently responsible for managing and implementing our APS projects.

**Lee Cheok Sze**, aged 32, is the Manager of our MES division. He obtained a Bachelor of Information Technology degree from Universiti Malaysia Sabah in 2002. He began his career as a Software Engineer with Carsem (M) Sdn Bhd, where he was responsible for system support and development. He joined iMSC in 2005 as a Consultant and was promoted to the post of Assistant Manager in 2006, and subsequently promoted to his current position as a Manager in 2010. He is responsible for managing and implementing our MES projects.



**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

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**Tan Jia Chuen**, aged 29, is the Manager of our EA division. He obtained his Bachelor of Science in Software Engineering degree from Multimedia University, Malaysia in 2004. He began his career in 2005 as a Consultant with iSystems, and was promoted to the position of Senior Managing Consultant in 2007. In 2009 he joined IMSC as an Assistant Manager. He is responsible for leading a team and managing Recipe Management System and other projects.

**9.5 Involvement in Other Businesses/ Corporations**

Daniel Boo and Pang Lee Fung, our Managing Director and Non-Independent Executive Director respectively, are shareholders and directors of Eternal Genius Sdn Bhd, a company involved in development and provision of software solutions. The company is presently pending struck off from the Registry of Companies. As such, their involvement in Eternal Genius Sdn Bhd is not expected to have any material effect on their capacity within our Group.

Hung Beng Guan, our Financial Controller, is a shareholder and director of Fuji Cahaya Sdn Bhd ("**Fuji Cahaya**"), a property investment company. However, he devotes almost all of his time and efforts to his executive functions in our Group. As such, his involvement in Fuji Cahaya is not expected to have any material effect on his capacity within our Group. Further, the company is a fairly inactive company and Hung Beng Guan is of the view that his involvement in Fuji Cahaya does not affect his contributions to our Group and would not be expected to affect the operations of our Group.

Save as disclosed above, neither our Managing Director, Executive Director nor our key management or key technical personnel is involved in the activities of other businesses or corporations as at LPD.

**9.6 Declaration**

None of the Promoters, Directors, key management or key technical personnel is or was involved in any of the following events as at LPD:

- (a) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he/she was a partner or any corporation of which he/she was a director or key personnel;
- (b) Such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) Such person was charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) Any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) Such person was the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 9.7 Family Relationships or Associations

Save as disclosed below, who are both our key management, there is no family relationship or association amongst our Promoters, substantial shareholders, Directors, key management or technical personnel:

- (a) Ching Seek Fui is the spouse of Daniel Boo;
- (b) Kenneth Boo Hui Howe is the brother of Daniel Boo; and
- (c) Ooi Aik Chong is the spouse of Mok Wai Leng.

### 9.8 Promoters', Directors' or Substantial Shareholders' Benefits

Save for the salaries, bonuses, allowances and dividend, and as disclosed in Section 11.1 of this Prospectus, the consultancy services rendered for the provision of advisory and documentation services for the implementation of projects by OS Solutions from Hansen Resources, where Khoo Han Sen, our Director, is the sole proprietor, there has been no amount or benefit that has been or intended to be paid or given to our Promoters, Directors or substantial shareholders within the two (2) years preceding the LPD.

### 9.9 Service Agreements

All our employees have standard employment contracts. There is no existing or proposed service agreement between our Group and any our Directors, key management or key technical personnel.

### 9.10 Our Employees

As at LPD, we have a total workforce of 66 personnel, all of which are based in Malaysia. None of our employees is a member of any union. The table below sets out the number of employees by category as at the end of each of the past three (3) financial years up to the FYE 31 December 2010 and as at LPD:

Category	FYE 31 December			As at LPD
	2008	2009	2010	
Management and professionals	4	5	6	6
Technical professionals				
Project implementation	23	24	25	39
Research and development	15	12	19	11
Sales and marketing	3	4	5	5
Clerical and administrative	2	4	3	5
	47	49	58	66

**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

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**Training and development**

Our management believes that our employees represent key assets to us, and are crucial to the continuous growth of our business. Hence, we emphasise on the importance of providing trainings and development programmes for our employees.

We provide trainings organised by external professional trainers to our in-house technical professionals so that they will be continually kept abreast and updated with the relevant knowledge, skills and development in their respective fields of software development to ensure that they are proficient in performing their respective job responsibilities.

We also provide trainings organised by external professional trainers to our employees of our Finance, Administration and Human Resources divisions, so that they will be equipped with the necessary knowledge and skills in their respective job responsibilities.

**Management succession plans**

Our business is organised along functional lines where division managers are responsible for the execution of their duties. Our Group practices management empowerment whereby division managers are relatively autonomous and have significant decision-making authority within their span of control and within clearly defined boundaries. As such, there is no over reliance on our Managing Director to be involved in all the details and aspects of the operational and functional areas. This allows our Managing Director to focus on strategic matters and on further developing the business for growth and success.

Nevertheless, to ensure business continuity, our Group has put in place a management succession plan which includes:

- (a) identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management positions in line with the business goals, strategies and culture of our Group; and
- (b) taking a proactive approach towards addressing talent management to ensure the organisation has talent readily available from a capability perspective to undertake leadership positions throughout the organisation.

In addition, our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision-making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

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**10. FLOTATION EXERCISE**

In conjunction with, and as an integral part of our Listing, we undertook the Flotation Exercise which entails the following:

**10.1 Acquisitions****(a) Acquisition of iMSC**

On 21 February 2011, our Company had entered into a share sale agreement with the vendors of iMSC for the acquisition of the entire issued and paid-up share capital of iMSC comprising 85,002 ordinary shares of RM1.00 each, for a purchase consideration of RM10,163,688 to be satisfied via the issuance of 101,636,730 iDimension Shares at an issue price of approximately RM0.10 per Share. The purchase consideration was based on the audited consolidated NA of iMSC, which amounted to RM11,813,688 as at 31 August 2010, and the interim dividends declared for the FYE 31 December 2010, which amounted to RM1,650,000.

The vendors of iMSC are set out as follows:

Shareholders of iMSC	No. of shares held in iMSC	%	No. of iDimension Shares issued
Daniel Boo	66,828	78.62	79,906,113
Pang Lee Fung	4,943	5.82	5,910,336
Tan Kian Meng	3,802	4.47	4,546,044
Khoo Han Sen	3,802	4.47	4,546,044
Ooi Aik Chong	821	0.97	981,669
Lam Chuin Kit	228	0.27	272,619
Wong Chi Kee	228	0.27	272,619
Mok Wai Leng	304	0.36	363,492
David Chia Kong Sieng	304	0.36	363,492
Tan Jia Chuen	274	0.32	327,621
Lee Cheok Sze	274	0.32	327,621
Leong Sim Kai	152	0.18	181,746
Kenneth Boo Hui Howe	152	0.18	181,746
Michelle Chong Sio Thung	122	0.14	145,875
Kok Koi Feng	91	0.11	108,809
Wong Shwu Tyng	122	0.14	145,875
Lai Mee Chian	152	0.18	181,746
Hung Beng Guan	122	0.14	145,875
Ching Seek Fui	2,281	2.68	2,727,388
	<b>85,002</b>	<b>100.00</b>	<b>101,636,730</b>

The Acquisition of iMSC was completed on 21 February 2011.

**(b) Acquisition of iMSC Singapore**

On 21 February 2011, our Company had entered into a share sale agreement with the vendors of iMSC Singapore for the acquisition of the entire issued and paid-up share capital of iMSC Singapore comprising 100 ordinary shares, for a purchase consideration of RM213,325 to be satisfied via the issuance of 2,133,250 iDimension Shares at an issue price of RM0.10 per Share. The purchase consideration was based on the audited NA of iMSC Singapore, which amounted to USD67,992 as at 31 August 2010.

**10. FLOTATION EXERCISE (Cont'd)**

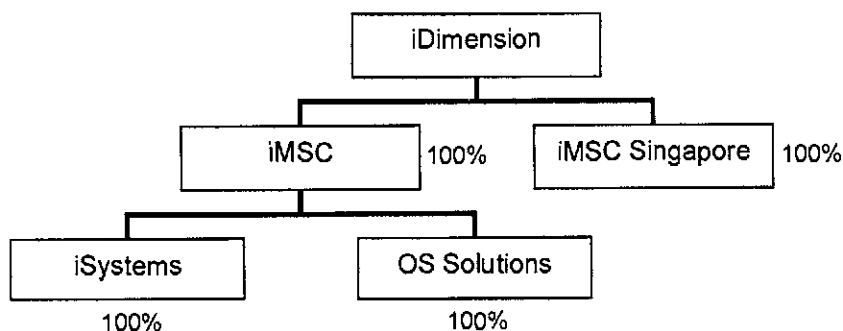
The vendors of iMSC Singapore are set out as follows:

Shareholders of iMSC Singapore	No. of shares held in iMSC Singapore	%	No. of iDimension Shares issued
Daniel Boo	99	99.00	2,111,917
Pang Lee Fung	1	1.00	21,333
	100	100.00	2,133,250

The Acquisition of iMSC Singapore was completed on 25 February 2011.

The new Shares issued pursuant to the Acquisitions rank equally in all respects with our existing issued Shares including voting rights and rights to all dividends and distributions, the entitlement date of which are subsequent thereof.

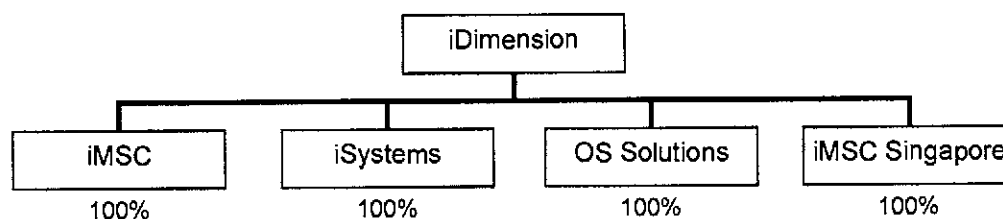
Upon the completion of the Acquisitions, our issued and paid-up share capital increased from RM2 comprising 20 iDimension Shares to RM10,377,000 comprising 103,770,000 iDimension Shares. Pursuant thereto, our corporate group structure is depicted as follows:

**10.2 Internal Restructuring**

On 22 February 2011, our Group undertook an internal restructuring, by iDimension entering into a share sale agreement with iMSC for the acquisitions of the following:

- entire issued and paid-up share capital of iSystems comprising 85,002 ordinary shares of RM1.00 each for a total purchase consideration of RM531,917. The purchase consideration was based on the audited NA of iSystems as at 31 August 2010 of RM531,917; and
- entire issued and paid-up share capital of OS Solutions comprising 100,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1,363,648. The purchase consideration was based on the audited NA of OS Solutions as at 31 August 2010 of RM1,363,648.

Upon completion of the Internal Restructuring, our corporate group structure is depicted as follows:



**10. FLOTATION EXERCISE (Cont'd)****10.3 Public Issue**

Pursuant to the Public Issue, we shall issue 38,230,000 new Shares at an IPO Price of RM0.38 per Share to be allocated in the following manner:

- (a) 5,230,000 Public Issue Shares will be made available for application by our eligible employees and business associates who have contributed to our success and development;
- (b) 28,000,000 Public Issue Shares will be made available for application by way of placement to identified investors; and
- (c) 5,000,000 Public Issue Shares will be made available for application by the Malaysian public.

The Public Issue Shares will rank equally in all respects with our existing issued Shares including voting rights and rights to all dividends and distributions, the entitlement date of which are subsequent thereof.

Pursuant to the Acquisitions and upon completion of the Public Issue, our issued and paid-up share capital will increase from RM10,377,000 comprising 103,770,000 Shares to RM14,200,000 comprising 142,000,000 Shares.

**10.4 Offer for Sale**

In conjunction with our Listing, our Selling Shareholder, Daniel Boo, will undertake an offer for sale of up to 7,000,000 Shares. The Offer for Sale will be done by way of placement to identified investors at the IPO Price.

**10.5 Listing**

We have obtained approval from Bursa Securities for our admission to the Official List and for the listing of and quotation for our entire enlarged issued and paid-up share capital of RM14,200,000 comprising 142,000,000 Shares on the ACE Market of Bursa Securities.

**10.6 Approvals and Conditions**

Bursa Securities had vide its letter dated 10 August 2011, approved our admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of 142,000,000 Shares on the ACE Market of Bursa Securities. The conditions imposed by Bursa Securities and the status of our compliance with the conditions are set out as follows:

No.	Details on conditions imposed	Status of compliance
1	Submission of the following information in respect of the moratorium on the shareholdings of promoters to the Bursa Depository: (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares.	Complied.
2	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied.

**10. FLOTATION EXERCISE (Cont'd)**

No.	Details on conditions imposed	Status of compliance
3	Make the relevant announcements pursuant to Rules 8.1 and 8.2 of Guidance Note 15 of the ACE Market Listing Requirements;	To be complied.
4	Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid-up share capital of iDimension on the first day of listing;	To be complied.
5	Any directors of the Company that have not attended the Mandatory Accreditation Programme must do so prior to the listing of the Company;	Complied.
6	<p>In relation to the public offering to be undertaken by iDimension, please announce at least two (2) market days prior to the listing date, the result of the offering including the following:</p> <ul style="list-style-type: none"> <li>(i) Level of subscription of public balloting and placement;</li> <li>(ii) Basis of allotment/allocation;</li> <li>(iii) A table showing the distribution for placement tranche, in the prescribed format; and</li> <li>(iv) Disclosure of places who become substantial shareholder of iDimension arising from the public offering, if any.</li> </ul>	To be complied.
7	iDimension to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List on the ACE Market is completed.	To be complied.

The SC had vide its letter dated 7 April 2011 exempted iDimension from having to comply with the Bumiputera equity requirement. However, OSK/iDimension is required to notify the SC in the event that iDimension does not derive 50% of its after-tax profit from its MSC status subsidiaries or if iMSC and OS Solutions are no longer MSC status companies at the time of listing, whereby under those circumstances, Bumiputera equity requirement will be imposed on iDimension.

**10.7 Exemption from Compliance with the SC's Prospectus Guidelines**

Paragraph 8.02(m) and 18.01(c) of the SC's Prospectus Guidelines requires the disclosure of following:

*"salient terms of any contract/arrangement/document/other matter on which the corporation is highly dependent. This includes patents or licences, industrial, commercial or financial contracts or new manufacturing processes, where such factors are material to the corporation's business or profitability".*

*"Each material contract or document referred to in the prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts".*

We had sought an exemption from the SC pursuant to Paragraph 8.02(m) and 18.01(c) of the SC's Prospectus Guidelines from having to comply with the following for reasons of confidentiality:

- (a) disclose the salient terms of major licenses signed with our major suppliers, namely Microsoft Regional Sales Corporation and Siemens Product Lifecycle Management Software (SG) Pte Ltd as mentioned in Section 7.13 of this Prospectus; and

**10. FLOTATION EXERCISE (Cont'd)**

- (b) making available certain salient terms of the above-mentioned major licenses for public inspection.

The SC had vide its letter dated 6 September 2011 granted us the aforesaid waivers.

**10.8 Moratorium of Shares**

In compliance with Rule 3.19 of the ACE Market Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of shares held by our Promoters as follows:

- (a) The moratorium applies to the entire shareholdings of our Promoters for a period of six (6) months from the date of admission to the ACE Market of Bursa Securities ("**Initial 6-Month Moratorium**").
- (b) Upon the expiry of the Initial 6-Month Moratorium, our Promoters' aggregate shareholdings amounting to at least 45% of our nominal issued and paid-up share capital remain under moratorium, for another period of six (6) months ("**Subsequent 6-Month Moratorium**").
- (c) Thereafter, our Promoters may sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight-line basis) of the Shares held under moratorium.

Our Promoters whose Shares are subject to moratorium are set out as follows:

Name	During the Initial 6-Month Moratorium		During the Subsequent 6-Month Moratorium	
	Number of Shares	% of enlarged share capital	Number of Shares	% of enlarged share capital
Daniel Boo	75,018,039	52.83	51,557,437	36.31
Pang Lee Fung	5,931,679	4.18	4,076,648	2.87
Khoo Han Sen	4,546,044	3.20	3,124,347	2.20
Tan Kian Meng	4,546,044	3.20	3,124,347	2.20
Ching Seek Fui	2,727,388	1.92	1,874,444	1.32
Kenneth Boo Hui Howe	* 207,746	0.15	142,777	0.10
	<b>92,976,940</b>	<b>65.48</b>	<b>63,900,000</b>	<b>45.00</b>

Note:

- \* Including full subscription of his entitlement pursuant to the allocation to eligible employees as set out in Section 4.4 of this Prospectus.

In addition, certain shareholders of our Company ("**Shareholders**") have voluntarily subjected a portion of their Shares to moratorium in the following manner:

- (a) The moratorium applies to these Shareholders for a period of one (1) year from the date of admission to the ACE Market of Bursa Securities ("**1-Year Moratorium**").
- (b) Upon the expiry of the 1-Year Moratorium, these Shareholders may sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight-line basis) of the Shares held under moratorium.



**10. FLOTATION EXERCISE (Cont'd)**

The Shareholders and their shareholdings subjected to moratorium are set out as follows:

Name	During the 1-year Moratorium	
	Number of Shares	% of enlarged share capital
Ooi Aik Chong	687,168	0.48
Lam Chuin Kit	190,833	0.13
Wong Chi Kee	190,833	0.13
Mok Wai Leng	254,444	0.18
David Chia Kong Sieng	254,444	0.18
Tan Jia Chuen	229,335	0.16
Lee Cheok Sze	229,335	0.16
Leong Sim Kai	127,222	0.09
Michelle Chong Sio Thung	102,113	0.07
Kok Koi Feng	76,166	0.05
Wong Shwu Tyng	102,113	0.07
Lai Mee Chian	127,222	0.09
Hung Beng Guan	102,113	0.07
	<b>2,673,341</b>	<b>1.86</b>

The restriction, which is fully acknowledged by the aforesaid Promoters and Shareholders, is specifically endorsed on the notice of allotment representing their shareholdings that are under moratorium. The Share Registrar and Bursa Depository have been informed in writing in relation to the moratorium of the aforesaid Promoters and Shareholders to ensure that they do not register any transfer not in compliance with the moratorium restrictions.

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**11. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST****11.1 Related Party Transactions and Conflicts of Interest**

Save as disclosed below, for the past three (3) financial years up to the FYE 31 December 2010 and the subsequent 4-month FPE 30 April 2011, none of our Directors, substantial shareholders, key management or technical personnel, and/or persons connected with them, was engaged in any related party transaction:

Related party	Nature of relationship	Nature of transaction	<----- Value of transactions ----->			
			FYE 31 December			FPE 30 April 2011
			2008 (RM'000)	2009 (RM'000)	2010 (RM'000)	(RM'000)
Ching Seek Fui	Ching Seek Fui is the spouse of Daniel Boo, a substantial shareholder and Director of our Company.	Acquisition of No. 29-5, Block F2, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor from Ching Seek Fui	-	300	-	-
Daniel Boo	Daniel Boo is a substantial shareholder and Director of our Company.	Rental for No. 7-4, Block E2, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor from Daniel Boo	28	27	-	-
		Acquisition of No. 7-4, Block E2, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor from Daniel Boo	-	350	-	-
		Interest-free loan extended by Daniel Boo to iSystems	-	-	-	-
		Interest-free loan extended by Daniel Boo to iMSC	-	-	(5) 1,000	-

## 11. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Related party	Nature of relationship	Nature of transaction	<--- Value of transactions --->			
			FYE 31 December			FPE 30 April 2011
			2008 (RM'000)	2009 (RM'000)	2010 (RM'000)	(RM'000)
Daniel Boo and Ching Seek Fui	Daniel Boo is a substantial shareholder and Director of our Company, while Ching Seek Fui is his spouse.	Rental for No. 13B-4, Block D2, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor from Daniel Boo and Ching Seek Fui	19	14	-	-
Daniel Boo and Pang Lee Fung	Daniel Boo and Pang Lee Fung are substantial shareholders and Directors of our Company.	Acquisition of No. 13B-4, Block D2, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor from Daniel Boo and Ching Seek Fui	-	180	-	-
Khoo Han Sen and Tan Kian Meng	Khoo Han Sen and Tan Kian Meng are Directors of our Company.	Acquisition of the entire interest in iSystems comprising of 85,002 ordinary shares of RM1.00 each, by iMSC from Daniel Boo and Pang Lee Fung	85	-	-	-
Wong Ah Noy	Wong Ah Noy is the mother of Daniel Boo, a substantial shareholder and Director of our Company.	Acquisition of the entire interest in OS Solutions comprising of 100,000 ordinary shares of RM1.00 each, by iMSC from Khoo Han Sen and Tan Kian Meng	100	-	-	-
		Rental for No. 7-4, Block F1, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor from Wong Ah Noy	18	12	-	-
		Acquisition of No. 7-4, Block F1, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor from Wong Ah Noy	-	170	-	-

## 11. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Related party	Nature of relationship	Nature of transaction	Value of transactions			
			FYE 31 December			FPE 30 April 2011
			2008 (RM'000)	2009 (RM'000)	2010 (RM'000)	(RM'000)
Eternal Genius Sdn Bhd ("Eternal Genius") <sup>(1)</sup>	Daniel Boo and Pang Lee Fung, substantial shareholders and Directors of our Company, are also shareholders and directors of Eternal Genius.	Sale of software product to and development of software for Eternal Genius	-	-	-	-
Hansen Resources <sup>(2)</sup>	Khoo Han Sen, a Director of our Company, was also the sole proprietor of Hansen Resources.	Consultancy services rendered by OS Solutions from Hansen Resources	67	34	-	-
iDimension Systems Pte Ltd ("iSystems Singapore") (now known as Paradigm Excellence Pte Ltd) <sup>(3)</sup>	Daniel Boo and Pang Lee Fung, substantial shareholders and Directors of our Company, were also shareholders and directors of iSystems Singapore.	Sale and distribution of manufacturing IT software, as well as consultancy services to iSystems Singapore An unsecured loan bearing interest at 6.75% per annum extended by iSystems to iSystems Singapore Receipt of interest income from iSystems Singapore Interest-free loan extended by iSystems Singapore to iMSC Singapore	156	1,384	14	-
Paul Chuah Tax Services (K.L.) Sdn Bhd ("Paul Chuah Tax Services")	Chuah Sue Yin, a Director of our Company, is also a shareholder and director of Paul Chuah Tax Services.	Tax compliance services rendered from Paul Chuah Tax Services	-	10	12	1

11. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

		Nature of relationship	Nature of transaction	Value of transactions			
				FYE 31 December		FPE 30 April 2011	
				2008 (RM'000)	2009 (RM'000)	2010 (RM'000)	(RM'000)
Supreme Skills Sdn Bhd ("Supreme Skills") <sup>(4)</sup>	Kenneth Boo Hui Howe, an employee of the iDimension Group and a sibling of Daniel Boo, a substantial shareholder and Director of our Company, is the shareholder and director of Supreme Skills.	Sale of software product to and development of software for Supreme Skills	460	200	-	-	

Notes:

- (1) Etemal Genius was dissolved on 4 November 2010.
- (2) The business registration of Hansen Resources had expired on 15 November 2009.
- (3) iSystems Singapore, now known as Paradigm Excellence Pte Ltd, has been disposed by Daniel Boo and Pang Lee Fung on 25 May 2010.
- (4) Supreme Skills was dissolved on 4 November 2010.
- (5) The loan has since been settled.

Our Directors have confirmed that the transactions with related parties are of sales and expenditure in nature, which are required for day-to-day operations, some of which may continue to be transacted. All past, present and future transactions which involve the interests of the Directors, substantial shareholders, key management and technical personnel and/or persons connected with them have been and will be transacted at arm's length, on our normal commercial terms which are not more favourable to the related parties than those generally available to the public, and which are not to the detriment of the minority shareholders. Our Audit Committee will review the terms of all related party transactions, and our Directors will report such transactions, if any, all in our annual reports.

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## **11. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**

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### **11.2 Transactions that are Unusual in their Nature or Conditions**

There has been no transaction unusual in its nature or conditions, involving goods, services, tangible or intangible assets to which our Company or any of our subsidiaries was a party over the past three (3) financial years up to the FYE 31 December 2010 and the subsequent 4-month FPE 30 April 2011.

### **11.3 Outstanding Loans and Guarantees**

There is no outstanding loan (including guarantees of any kind) made by our Company or any of our subsidiaries to or for the benefit of related parties over the past three (3) financial years up to the FYE 31 December 2010 and the subsequent 4-month FPE 30 April 2011.

All future transactions which involve the interests of the Directors, substantial shareholders, key management and/or persons connected with them will be transacted at arm's length, on our normal commercial terms which are not more favourable to the related parties than those generally available to the public, and which are not to the detriment of the minority shareholders. The Audit Committee will review the terms of all related party transactions, and our Directors will report such transactions, if any, all in our annual reports.

### **11.4 Interests in Other Businesses/ Corporations**

#### **11.4.1 Businesses/ Corporations with similar trade**

As at LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in any business carrying on a similar trade as our Company or subsidiaries.

#### **11.4.2 Businesses/ Corporations which are our customers or suppliers**

As at LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in any other business/corporation which are also our customers or suppliers.

### **11.5 Conflicts of Interest**

OSK has confirmed that there is no existing or potential conflict of interest in its capacity as our Principal Adviser, Sponsor, Underwriter and Placement Agent for the Flotation Exercise.

Messrs SJ Grant Thornton has given its written confirmation to the Board that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity vis-à-vis the Company or the Group as our Auditors and Reporting Accountants for the Flotation Exercise.

Messrs Tay & Partners and Messrs ATMD Bird & Bird have given their written confirmation to the Board that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity vis-à-vis the Company or the Group as our Solicitors for the Flotation Exercise.

Vital Factor has given its written confirmation to the Board that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity vis-à-vis the Company or the Group as our Independent Business and Market Research Consultants for the Flotation Exercise.

## 12. HISTORICAL FINANCIAL INFORMATION

### 12.1 Pro forma Financial Information

We have prepared our pro forma consolidated financial information based on our audited consolidated financial information for the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011 as well as the comparative period of the 4-month FPE 30 April 2010, on the assumption that our current Group structure had been in existence throughout the financial years and periods under review. Our pro forma consolidated statements of comprehensive income below have been prepared in accordance with the applicable approved accounting standards in Malaysia.

You should read the summary of our financial data regarding our business for the financial years and periods that we have presented below together with our Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects as set out in Section 12.3 of this Prospectus, the Reporting Accountants' letter on our Pro forma Consolidated Financial Information as set out in Section 13 of this Prospectus, and the accompanying notes and assumptions included in the Reporting Accountants' Report as set out in Section 14 of this Prospectus.

#### Exchange rate

The financial statements of our Group's subsidiary in Singapore, namely iMSC Singapore, are denominated in USD. As our Group's reporting currency is in RM, the financial statements of iMSC Singapore have been translated into RM for consolidation purposes. As such, our Group faces translation risk in that any material fluctuation in USD will have an effect on our consolidated financial statements which are presented in RM. For illustrative purposes, we have set below the applicable historical exchange rates.

As at LPD, the exchange rate between RM and USD was RM2.9718 for USD1.00. The table below sets out the high and low exchange rates for USD/RM for each month during the six (6) months prior to LPD:

Month	RM/USD	
	High	Low
March 2011	3.0615	3.0253
April 2011	3.0285	2.9610
May 2011	3.0640	2.9630
June 2011	3.0575	3.0044
July 2011	3.0323	2.9390
August 2011	3.0260	2.9425

(Source: Bloomberg)

For each of the financial years and periods under review, the average exchange rates between RM and USD, calculated using the average of the exchange rate on the last day of each month during the financial years and periods under review, are set out as follows:

Foreign currency	FYE 31 December			FPE 30 April	
	2008	2009	2010	2010	2011
USD	3.3347	3.5224	3.2096	3.3151	3.0247

(Source: Bloomberg)

## 12. HISTORICAL FINANCIAL INFORMATION (Cont'd)

The exchange rates between RM and USD as outlined above have been presented for information purposes only. The exchange rates should not be construed as a representation that these USD amounts could have been or could be converted into RM at any particular rates, the rates above or at all.

**Pro forma consolidated statements of comprehensive income**

We have prepared our pro forma consolidated statements of comprehensive income below for illustrative purposes only, and are based on our Company's and our subsidiaries' respective audited financial statements for the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011 as well as the comparative period of the 4-month FPE April 2010, on the assumption that our current Group structure had been in existence throughout the financial years and periods under review. Our pro forma consolidated statements of comprehensive income below have been prepared in accordance with the applicable approved accounting standards in Malaysia.

	<----- Audited ----->			Unaudited Audited	
	<---- FYE 31 December ---->			<-- FPE 30 April -->	
	2008	2009	2010	2010	2011
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	7,685	11,933	14,950	5,592	5,554
Less: Cost of sales	(2,738)	(3,703)	(3,989)	(1,434)	(1,641)
Gross profit	4,947	8,230	10,961	4,158	3,913
Other income	505	125	304	130	46
Administrative expenses	(1,418)	(1,762)	(2,736)	(883)	(1,019)
Finance costs	(1)	(18)	(49)	(14)	(16)
PBT	4,033	6,575	8,480	3,391	2,924
Taxation	-	(86)	(240)	(64)	(667)
PAT	4,033	6,489	8,240	3,327	2,257
EBITDA	4,079	6,902	8,990	3,561	3,112
Amortisation and depreciation	46	313	465	156	172
Interest expenses	-	14	45	14	16
Attributable to:					
- Equity holders	4,033	6,489	8,240	3,327	2,257
- Minority interest	-	-	-	-	-
No. of ordinary shares of RM0.10 each in issue ('000) <sup>(1)</sup>	103,770	103,770	103,770	103,770	103,770
<b>Profit margin</b>					
Gross profit margin (%)	64.37	68.97	73.32	74.36	70.45
PBT margin (%)	52.48	55.10	56.72	60.64	52.65
Net profit margin (%)	52.48	54.38	55.12	59.50	40.64
<b>Basic EPS</b>					
Gross EPS (sen) <sup>(2)</sup>	3.89	6.34	8.17	3.27	2.82
Net EPS (sen) <sup>(3)</sup>	3.89	6.25	7.94	3.21	2.18
Diluted EPS <sup>(4)</sup>	-	-	-	-	-



**12. HISTORICAL FINANCIAL INFORMATION (Cont'd)**

Notes:

\* Negligible.

(1) Based on our issued and paid-up share capital immediately before the IPO.

(2) The gross EPS is calculated based on the PBT attributable to our shareholders for the respective financial years/periods divided by the number of Shares in issue.

(3) The net EPS is calculated based on the PAT attributable to our shareholders for the respective financial years/periods divided by the number of Shares in issue.

(4) There were no potential dilutive ordinary shares during the financial year.

Our pro forma consolidated financial statements have been reported by our auditors without any qualification for the financial years and periods under review.

**12.2 Capitalisation and Indebtedness**

The following table sets out the cash and bank balances, capitalisation and indebtedness of our Group:

(a) as at 30 April 2011 based on our pro forma consolidated financial information prior to the IPO; and

(b) as adjusted for the net proceeds arising from the issue of the 38,230,000 Public Issue Shares pursuant to our IPO and the utilisation of proceeds as set out in Section 4.9 of this Prospectus.

	<b>Pro forma as at 30 April 2011 (RM'000)</b>	<b>After the IPO and utilisation of proceeds (RM'000)</b>
<b>Cash and cash equivalents</b>	4,000	10,793
<b>Indebtedness</b>		
Short-term indebtedness:		
- Bank overdraft (unguaranteed)	974	974
- Hire purchase creditor (guaranteed)	36	36
Long-term indebtedness:		
- Hire purchase creditor (guaranteed)	69	69
<b>Capitalisation</b>		
Total shareholders' equity	14,273	26,700
<b>Total capitalisation and indebtedness</b>	<b>15,352</b>	<b>27,779</b>

It should be noted that the above does not reflect the bank borrowing that we intend to obtain of RM8.40 million to fund the acquisition of an eight-storey office unit as mentioned in Section 4.9.3 of this Prospectus.

As at 30 April 2011, all our borrowings are secured.

As at LPD, we do not have any indirect indebtedness or contingent liability.

## 12. HISTORICAL FINANCIAL INFORMATION (Cont'd)

### 12.3 Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects

The following management's discussion and analysis of our Group's past financial performances and results of operations should be read in conjunction with the pro forma consolidated financial information and the related notes thereon for the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011 as set out in Section 13 of this Prospectus.

The pro forma consolidated financial statements of our Group for the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011 are prepared based on the audited financial statements of the respective companies in our Group. In this section, unless otherwise indicated, figures shown in respect of the past three (3) financial years up to the FYE 31 December 2010 and the 4-month FPE 30 April 2011 are derived from our consolidated financial statements as disclosed.

Unless otherwise indicated, statistical and certain other information relating to the IT industry and contained in this section are based on or derived from data prepared by Vital Factor. Much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution.

This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 5 of this Prospectus.

#### 12.3.1 Results of operations

##### (a) Overview of operations and segmental analysis

###### Revenue

We are an investment holding company. Through our wholly-owned subsidiaries, namely iMSC, iSystems, OS Solutions and iMSC Singapore, we are principally engaged in the development and provision of software solutions and maintenance services, as well as sales and marketing of software solutions.

We are primarily a manufacturing software solutions provider. We develop some of the software solutions in-house, while others are customised solutions that combine our in-house developed modules with third party software. We are also a value-added reseller of third party software solutions.

The breakdown of our revenue by the companies within our Group is set out as follows:

	FYE 31 December						FPE 30 April			
	2008		2009		2010		2010		2011	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
iDimension	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
iMSC	4,137	53.83	8,520	71.40	10,003	66.91	3,735	66.79	4,091	73.66
iSystems	6,309	82.10	7,599	63.68	9,239	61.80	3,943	70.51	3,369	60.66
OS Solutions	1,086	14.13	624	5.23	1,074	7.19	482	8.62	113	2.03
iMSC Singapore	-	0.00	906	7.59	2,261	15.12	389	6.96	210	3.78
<i>Less: inter-company elimination</i>	<i>(3,847)</i>	<i>(50.06)</i>	<i>(5,716)</i>	<i>(47.90)</i>	<i>(7,627)</i>	<i>(51.02)</i>	<i>(2,957)</i>	<i>(52.88)</i>	<i>(2,229)</i>	<i>(40.13)</i>
	<b>7,685</b>	<b>100.00</b>	<b>11,933</b>	<b>100.00</b>	<b>14,950</b>	<b>100.00</b>	<b>5,592</b>	<b>100.00</b>	<b>5,554</b>	<b>100.00</b>

## 12. HISTORICAL FINANCIAL INFORMATION (Cont'd)

Our head office is located in Dataran Prima, Petaling Jaya. In addition, we have a sales and marketing office in Kulai, Johor and two (2) software development offices located in Cyberjaya, Selangor and Ipoh, Perak, as well as a virtual office in Singapore. As at LPD, we have a total of 66 employees, of which 50 employees are technical professionals involved in project implementation and R&D, and 5 employees are involved in sales and marketing.

Within our Group, iMSC and OS Solutions are the companies responsible for the development and provision of software solutions and maintenance services. iMSC focuses on the development of most of our proprietary and customised manufacturing software solutions, i.e. iDynamics, iMES, iPASS, CAPS Assembly, iSPC, iRMS and iVMS, while OS Solutions focuses on the development of OSTrack. This will remain moving forward as OSTrack is presently a copyright of OS Solutions and MDeC has granted OS Solutions MSC status with the research, development and commercialisation of OSTrack as the MSC-qualifying activities.

iSystems and iMSC Singapore are mainly responsible for the sales and marketing of software solutions, which generally deals with the customers of our Group.

iSystems typically services our customer entirely if the customer only wishes to purchase software and/or requires straight forward maintenance jobs. However, if the customer requires further services such as customised solutions and/or heavy maintenance work, iSystems would pass on the project to either iMSC or OS Solutions for execution. iSystems generally retains approximately 15% of the total revenue from such transactions before transferring the remaining revenue to be earned by either iMSC or OS Solutions.

iMSC Singapore is our Group's marketing arm in Singapore. iMSC Singapore is only represented by a virtual office however, and purchase orders received are executed by either iMSC or OS Solutions, while iMSC Singapore generally retains approximately 5% of the total revenue from the transactions.

Our revenue is mainly derived from the provision of proprietary, customised and third party solutions, as well as the maintenance of proprietary, customised and third party software systems. In addition, we also derive revenue from providing training to our customers on how to maintain our proprietary, customised and third party solutions, as well as selling IT hardware and industrial measuring devices to our customers.

### Revenue by business activities and products and services

The breakdown of our revenue by business activities and products and services is set out as follows:

	FYE 31 December						FPE 30 April			
	2008		2009		2010		2010		2011	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
<b>Software solutions</b>										
Proprietary and customised	5,899	76.76	8,471	70.99	10,400	69.57	3,036	54.29	4,503	81.07
Third party	*(15)	(0.20)	1,224	10.25	2,309	15.44	1,814	32.44	207	3.73
<b>Software systems maintenance</b>										
Proprietary and customised	1,575	20.49	1,335	11.19	1,080	7.22	355	6.35	550	9.90
Third party	181	2.38	846	7.09	1,149	7.69	378	6.76	263	4.74
<b>Other IT products and services</b>										
	45	0.59	57	0.48	12	0.08	9	0.16	31	0.56
	<b>7,685</b>	<b>100.00</b>	<b>11,933</b>	<b>100.00</b>	<b>14,950</b>	<b>100.00</b>	<b>5,592</b>	<b>100.00</b>	<b>5,554</b>	<b>100.00</b>

## 12. HISTORICAL FINANCIAL INFORMATION (Cont'd)

Note:

- \* The negative figure was due to a cancellation of sale, which was invoiced in the previous financial years, during the FYE 31 December 2008 by one of our customers.

Based on the table above, the provision of software solutions has been the main contributor to our revenue, contributing approximately 76.56%, 81.24% and 85.01% for the past three (3) financial years up to the FYE 31 December 2010 respectively and approximately 86.73% and 84.80% for the 4-month FPE 30 April 2010 and 2011 respectively. Of the software solutions that we provide, the bulk of our revenue is derived from the range of proprietary and customised solutions that we supply to our customers.

Revenue contribution from our software systems maintenance services, which include system upgrading services, was approximately 22.85%, 18.28% and 14.91% for the past three (3) financial years up to the FYE 31 December 2010 respectively, and approximately 13.11% and 14.64% for the 4-month FPE 30 April 2010 and 2011 respectively. We are typically retained to provide systems maintenance for our customers pursuant to implementing software systems for them and such services are a form of recurrent revenue for us. With the exception of the FYE 31 December 2010, most of our software systems maintenance revenue has been for our proprietary and customised software systems maintenance, over third party software.

Revenue contribution from our provision of other IT products and services has been insignificant during the financial years and periods under review.

Based on the above, it should be highlighted that our proprietary and customised products and services have always been the main contributor to our revenue, illustrated as follows:

	FYE 31 December						FPE 30 April			
	2008		2009		2010		2010		2011	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Proprietary and customised	7,474	97.25	9,806	82.18	11,480	76.79	3,391	60.64	5,053	90.97
Third party	166	2.16	2,070	17.34	3,458	23.13	2,192	39.20	470	8.47
Other IT products and services	45	0.59	57	0.48	12	0.08	9	0.16	31	0.56
	<b>7,685</b>	<b>100.00</b>	<b>11,933</b>	<b>100.00</b>	<b>14,950</b>	<b>100.00</b>	<b>5,592</b>	<b>100.00</b>	<b>5,554</b>	<b>100.00</b>

### Revenue by geographic markets

Our principal market is Malaysia, with the last few years seeing increasing exposure to overseas markets, which comprise China, Indonesia, Japan, the Philippines, Singapore, Taiwan, Thailand, the United States of America and the United Kingdom.

The breakdown of our revenue by geographic markets is set out as follows:

	FYE 31 December						FPE 30 April			
	2008		2009		2010		2010		2011	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia	4,518	58.76	5,987	50.17	7,736	51.75	1,569	28.06	4,751	85.54
Overseas markets	3,169	41.24	5,946	49.83	7,214	48.25	4,023	71.94	803	14.46
China	1,092	14.21	827	6.93	1,751	11.71	1,359	24.30	300	5.40
Indonesia	790	10.28	2,337	19.59	1,744	11.67	1,680	30.05	36	0.65
Philippines	814	10.59	424	3.55	754	5.03	529	9.46	-	0.00
Singapore	158	2.03	1,741	14.59	2,501	16.73	401	7.17	449	8.08
Others	317	4.13	617	5.17	464	3.11	54	0.98	18	0.33
	<b>7,685</b>	<b>100.00</b>	<b>11,933</b>	<b>100.00</b>	<b>14,950</b>	<b>100.00</b>	<b>5,592</b>	<b>100.00</b>	<b>5,554</b>	<b>100.00</b>

## 12. HISTORICAL FINANCIAL INFORMATION (Cont'd)

Revenue from both our local and overseas markets has been steadily increasing with the exception of our revenue from overseas market for the 4-month FPE 30 April 2011, which had declined by approximately 80.04% as compared to the previous financial period. For the past three (3) financial years up to the FYE 31 December 2010, our local and overseas markets experienced an average revenue growth of approximately 29.33% and 77.11% respectively. We also experienced revenue growth of approximately 202.80% for our local market for the 4-month FPE 30 April 2011 as compared to the previous financial period.

China, Indonesia, the Philippines and Singapore have been the largest contributor to our revenue from overseas markets, collectively contributing approximately 90.00%, 89.62% and 93.57% to our total revenue from overseas markets for the past three (3) financial years up to the FYE 31 December 2010 respectively, and approximately 98.66% and 97.76% for the 4-month FPE 30 April 2010 and 2011 respectively.

### Revenue by industries

The breakdown of our revenue by industries is set out as follows:

	FYE 31 December						FPE 30 April			
	2008		2009		2010		2010		2011	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Semiconductor industry	5,514	71.75	8,466	70.95	8,531	57.06	4,187	74.88	3,160	56.90
Electronics industry	1,359	17.68	874	7.32	1,799	12.03	778	13.91	427	7.69
Other manufacturing industries	89	1.16	263	2.20	1,158	7.75	401	7.17	629	11.32
Service industries	723	9.41	2,330	19.53	3,462	23.16	226	4.04	1,338	24.09
	<b>7,685</b>	<b>100.00</b>	<b>11,933</b>	<b>100.00</b>	<b>14,950</b>	<b>100.00</b>	<b>5,592</b>	<b>100.00</b>	<b>5,554</b>	<b>100.00</b>

The industries we serve can be segmented into four (4) broad categories, set out as follows:

- (a) semiconductor industry, where most of our major customers operate in, such as the Unisem Group which consists of Unisem (M) Berhad and its subsidiaries, namely Unisem Chengdu Co. Ltd and PT Unisem, as well as NEC Semiconductors (Malaysia) Sdn Bhd (now known as Renesas Semiconductor KL Sdn Bhd);
- (b) electronics industry, where one of our major customers, Lexmark International (Phillipines) Inc, operates in;
- (c) other manufacturing industries, which include glove manufacturers, chemical manufacturers, etc; and
- (d) service industries, which include companies involved in aviation, oil and gas, etc.

Of the industries that we serve, we have a strong focus on the semiconductor industry, where the revenue contribution had exceeded 50% for the financial years and periods under review.