



TECHNODEX[®]
TechnoDex Bhd

(Company No.: 627634-A)

(Incorporated in Malaysia under the Companies Act, 1965)

www.technodex.com

PUBLIC ISSUE OF 23,000,000 NEW ORDINARY SHARES OF RM0.10 EACH COMPRISING:-

- 17,400,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS;
- 4,000,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PERSONS; AND
- 1,600,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES OF TECHNODEX BHD AND ITS SUBSIDIARIES

AT AN ISSUE PRICE OF RM0.40 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION IN CONJUNCTION WITH THE LISTING OF TECHNODEX BHD ON THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 3 HEREOF

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

Adviser, Sponsor, Managing Underwriter And Placement Agent

AmMerchant Bank Berhad

(Company No. 23742-V)

A member of



AmInvestment Group

Head Office

8A, Jalan Kenari 5, Bandar Puchong Jaya
 47100 Puchong, Selangor Darul Ehsan, Malaysia.
 Tel : 60380703155 Fax : 60380703151



THIS PROSPECTUS IS DATED 31 JULY 2006

RESPONSIBILITY STATEMENTS

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF TECHNODX BHD AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. THE DIRECTORS HEREBY ACCEPT FULL RESPONSIBILITY FOR THE PROFIT ESTIMATE AND FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT ESTIMATE AND FORECAST HAVE BEEN PREPARED BASED ON ASSUMPTIONS MADE.

AmMerchant Bank Berhad, a member of AmInvestment Group, BEING THE ADVISER, 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 INITIAL PUBLIC OFFERING AND IS SATISFIED THAT THE PROFIT ESTIMATE AND FORECAST (FOR WHICH THE DIRECTORS OF TECHNODX BHD ARE FULLY RESPONSIBLE), PREPARED FOR INCLUSION IN THIS PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

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THE SECURITIES COMMISSION HAS APPROVED THE INITIAL PUBLIC OFFERING. THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION RECOMMENDS THE INITIAL PUBLIC OFFERING.

THE SECURITIES COMMISSION SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF TECHNODX BHD AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

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CHARACTERISTICS OF THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD:-

INVESTORS SHOULD BE AWARE THAT MESDAQ IS A DISTINCT MARKET FROM THE MAIN AND SECOND BOARDS IN MANY RESPECTS. IN PARTICULAR, COMPANIES LISTED ON THE MESDAQ MARKET ARE SUBJECT TO DIFFERENT QUANTITATIVE AND QUALITATIVE REQUIREMENTS, WHICH HAVE BEEN PRIMARILY DESIGNED TO ACCOMMODATE HIGH-GROWTH AND/OR TECHNOLOGY COMPANIES. COMPANIES THAT ARE LISTED ON THE MESDAQ MARKET MAY HAVE A LIMITED OPERATING HISTORY OR MAY NOT HAVE ANY PROFIT TRACK RECORD PRIOR TO LISTING. AS SUCH, THESE COMPANIES MAY BE OF HIGH INVESTMENT RISK. THE REGULATORY PHILOSOPHY UNDERLYING THE MESDAQ MARKET IS THAT THE MARKET SHOULD BE ALLOWED TO DETERMINE THE MERITS OF THE SECURITIES/INSTRUMENTS IN A PARTICULAR COMPANY. HENCE, 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 DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONG OTHERS, THE PROSPECTUS, LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. IN THIS RESPECT, ADVICE FROM A SECURITIES PROFESSIONAL/ADVISER IS STRONGLY RECOMMENDED.

OTHERS

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA MALAYSIA SECURITIES BERHAD'S WEBSITE AT www.bursamalaysia.com

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INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire issued and fully paid-up share capital on the MESDAQ Market of Bursa Malaysia Securities Berhad is set out below:-

<u>Date</u>	<u>Event</u>
31 July 2006	: Issue of Prospectus/opening date of the Initial Public Offering ("IPO")
8 August 2006	: Closing date of the IPO*
10 August 2006	: Tentative date for balloting of applications
11 August 2006	: Tentative date for allotment of IPO shares
23 August 2006	: Tentative listing date

Note:-

* Together with the Managing Underwriter, our Directors at their absolute discretion, may extend the closing date of the IPO. We will announce any extension of the closing date of the IPO to the public via notices in a widely distributed daily Bahasa Malaysia newspaper and a daily English newspaper. Should there be an extension of the closing date, our listing may be extended accordingly.

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PRESENTATION OF INFORMATION

All references to "TechnoDex" and "our Company" in this Prospectus are to TechnoDex Bhd. References to "we", "us", "our" and "ourselves" are to our Company, and where the context requires, includes our subsidiaries.

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DEFINITION

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings:-

ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
AmMerchant Bank	:	AmMerchant Bank Berhad (23742-V), a member of AmInvestment Group
Application	:	The application for the IPO Shares by way of application forms or by way of Electronic Share Application
Application Form(s)	:	The printed application form(s) for the application for the IPO Shares
ATM	:	Automated Teller Machine
Board	:	Board of directors of TechnoDex
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CDS	:	Central Depository System
EduDexSM	:	TechnoDex Group's solution for management and automation of education related processes
Electronic Share Application	:	Application for the IPO Shares through a Participating Financial Institution's ATM
EPS	:	Earnings per share
ESOS	:	Employees' share option scheme
ESOS Options	:	The right to subscribe for new Shares upon acceptance of an offer under the ESOS
EvoDex Solutions	:	EvoDex Solutions Sdn Bhd (662245-X), our wholly-owned subsidiary
EvoDexSM	:	TechnoDex Group's human resource management solution
FPE 2005	:	7 months ended 31 January 2005
FPE 2006	:	7 months ended 31 January 2006
FYE	:	Financial year(s) ended/ending (whichever is applicable) on 30 June of the relevant year(s)
ICT	:	Information and communication technology
Infocredit D&B	:	Infocredit D&B (Malaysia) Sdn Bhd (527570-M), an independent market researcher
IPO	:	Initial public offering of the IPO Shares
IPO Price	:	RM0.40 for each IPO Share

DEFINITION (CONT'D)

IPO Shares	:	The 23,000,000 new Shares, being the subject of the Public Issue
IT	:	Information technology
Listing Scheme	:	Collectively, the Public Issue, ESOS and the Listing Of And Quotation For TechnoDex Shares
Malaysian Persons	:	Citizens of Malaysia, and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Managing Underwriter	:	AmMerchant Bank
MDeC	:	Multimedia Development Corporation Sdn Bhd (389346-D)
MESDAQ Market	:	The MESDAQ Market of Bursa Securities
MIH or Issuing House	:	Malaysian Issuing House Sdn Bhd (258345-X)
Moratorium Shares	:	39,600,000 issued and fully paid-up share capital that is subject to a moratorium
MSC	:	Multimedia Super Corridor
NLJ Resources	:	NLJ Resources Sdn Bhd (549878-X), our substantial shareholder
NTA	:	Net tangible assets
Official List	:	The list specifying all securities which have been admitted for listing on Bursa Securities and not removed
Open Source Technology	:	A technology generally recognised for its wide availability of source codes to the general public for use or modification from its original design for free of charge
Participating Financial Institution(s)	:	The participating financial institutions for Electronic Share Application
PE Multiple	:	Price-to-earnings multiple
Priharta	:	Priharta Development Sdn Bhd (349644-M), the holding company of VF Capital
ProcureDexSM	:	TechnoDex Group's e-procurement solution
Promoters	:	NLJ Resources, Lee Siew Tat and Heng Ling Jy
Public Issue	:	The public issue of 23,000,000 Shares at the IPO Price payable in full upon application, subject to the terms and conditions of this Prospectus
R&D	:	Research and development
RM and sen	:	Ringgit Malaysia and sen respectively
SC	:	Securities Commission
Shares	:	Ordinary shares of RM0.10 each
SMEs	:	Small and medium enterprises

DEFINITION (CONT'D)

SMIs	:	Small and medium industries
TechnoDex or the Company	:	TechnoDex Bhd (627634-A)
TechnoDex Group or the Group	:	TechnoDex and its subsidiaries
TechnoDex Solutions	:	Technodex Solutions Sdn Bhd (540720-V), our wholly-owned subsidiary
TechnoDex® Platform	:	TechnoDex Group's core distinctive product, a platform consisting of three (3) layers made up of "Lego®" type components which are individually self-sustainable, and can be easily mixed and matched to develop specific solutions. It also provides for a fourth layer that is used to integrate with vertical applications
TransDexSM	:	TechnoDex Group's e-ticketing and transportation management solution
Underwriters	:	AmMerchant Bank and Hwang-DBS Securities Berhad (14389-U) collectively
VF Capital	:	VF Capital Sdn Bhd (670720-X), our substantial shareholder

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Profession	Nationality
Tiong Chiong le (Non-Independent Non-Executive Chairman)	7 Piasau Park 98000 Miri Sarawak	Businessman	Malaysian
Lee Siew Tat (Managing Director and Chief Executive Officer)	4E-08-08 Blok E Saraka Apartment Jalan Wawasan 4/12 Pusat Bandar Puchong 47100 Puchong Selangor Darul Ehsan	Businessman	Malaysian
Heng Ling Jy (Executive Director and Chief Operating Officer)	10 Jalan Perkasa 3 Taman Maluri Cheras 55100 Kuala Lumpur	Businesswoman	Malaysian
Chia Kah Pheng (Non-Independent Non-Executive Director)	Sublot 2081 Lot 1255 Jalan Berembang 1 Lorong 3 Pujut 7C 98000 Miri Sarawak	Chartered Accountant	Malaysian
Lai Yew Hock (Non-Independent Non-Executive Director)	Sublot 2109 Jalan Kelinai 1 Pujut 7C 98000 Miri Sarawak	Advocate and solicitor	Malaysian
Ong Kiat Yam (Independent Non-Executive Director)	D9-05 Blok Damai Crimson Apartment 1 Jalan PJU 1A/41 Ara Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Chartered Accountant	Malaysian
Patrick Wong Haw Yeong (Independent Non-Executive Director)	69 Jalan Tun Abang Haji Openg 96000 Sibu Sarawak	Businessman	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Ong Kiat Yam	Chairman	Independent Non-Executive Director
Chia Kah Pheng	Member	Non-Independent Non-Executive Director
Patrick Wong Haw Yeong	Member	Independent Non-Executive Director

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CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARY** : Lee Ming Leong (MAICSA 7006926)
101 Jalan 17/4
46400 Petaling Jaya
Selangor Darul Ehsan
- Low Pooi Ming (MAICSA 7006832)
17 Jalan Kelicap 41
Kawasan 17 Off Jalan Meru
41050 Klang
Selangor Darul Ehsan
- REGISTERED OFFICE** : 1-1 1st Floor Jalan 3/116 D
Kuchai Entrepreneurs' Park
58200 Kuala Lumpur
Telephone No: 603-7983 1088
- HEAD OFFICE** : 8A Jalan Kenari 5
Bandar Puchong Jaya
47100 Puchong
Selangor Darul Ehsan
Telephone No: 603-8070 3155
Email: info@technodex.com
Website: www.technodex.com
- REGISTRARS** : Symphony Share Registrars Sdn Bhd (378993-D)
Level 26 Menara Multi-Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone No: 603-2721 2222
- AUDITORS AND REPORTING
ACCOUNTANTS** : Horwath (AF1018)
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Telephone No: 603-2166 0000
- SOLICITORS IN RESPECT OF
TECHNODEX'S LISTING** : Teh & Lee
Advocates And Solicitors
Unit 23-3 3rd Floor
The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No: 603-2283 2800
- SOLICITORS IN RESPECT OF
THE UNDERWRITING
AGREEMENT** : Shook Lin & Bok
Advocates & Solicitors
20th Floor Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No: 603-2031 1788
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
27th Floor Menara Multi-Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone No: 603-2693 2075

CORPORATE DIRECTORY (CONT'D)

ADVISER, SPONSOR, MANAGING UNDERWRITER AND PLACEMENT AGENT : AmMerchant Bank Berhad (23742-V)
(a member of AmInvestment Group)
22nd Floor Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No: 603-2078 2633/44/55

UNDERWRITERS : AmMerchant Bank Berhad (23742-V)
(a member of AmInvestment Group)
22nd Floor Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No: 603-2078 2633/44/55

: Hwang-DBS Securities Berhad (14389-U)
Levels 2, 3, 4, 5, 7 & 8
Wisma Sri Pinang
60 Green Hall
10200 Penang
Telephone No: 604-263 6996

INDEPENDENT MARKET RESEARCHER : Infocredit D&B (Malaysia) Sdn Bhd (527570-M)
Level 9-3A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Telephone No: 603-2718 1000

LISTING SOUGHT : MESDAQ Market of Bursa Securities

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1. INFORMATION SUMMARY

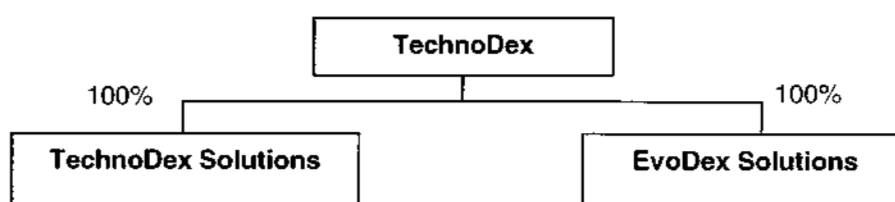
THE FOLLOWING INFORMATION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT US. YOU SHALL READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR SHARES.

1.1 History And Business

We were incorporated as a private limited liability company in Malaysia under the name TechnoDex Sdn Bhd on 10 September 2003 under the Companies Act, 1965. On 7 April 2005, we were converted to a public limited company.

We hold the intellectual property rights of our Group's IT creations. Being the holding company of our Group, we also manage the Group's corporate affairs. On 20 April 2005, we were granted the MSC Status by MDeC for our TechnoDex® Platform, a platform built based on Open Source Technology.

Our corporate structure is as set out below:-



Details of our subsidiaries are as follows:-

Company	Date And Place Of Incorporation	Issued And Paid-Up Share Capital (RM)	Effective Equity Interest (%)	Principal Activity
TechnoDex Solutions (540720-V)	28.2.2001 Malaysia	400,000	100	Develops and provides Open Source Based Business Software and conducts relevant R&D activities
EvoDex Solutions (662245-X)	11.8.2004 Malaysia	2	100	Provides human resource management solutions and conducts relevant R&D activities

Our Group has no associated company.

In efforts to create distinct competitive advantages and to differentiate us from other software providers in Malaysia, our Managing Director and Executive Director, Lee Siew Tat and Heng Ling Jy, together with several other personnel, had begun to conceptualise our own platform in April 2001. We successfully commercialised TechnoDex® Platform in July 2003. We have also introduced a range of vertical applications that are complementary to TechnoDex® Platform. We have also successfully integrated the Utility Computing model (also known as the *Pay-As-You-Use* model) with our business software. With the setting up of an optimum scale of infrastructure using the listing proceeds, our Directors believe that we would be able to promote this concept on a large-scale basis.

Further details on our history and business are set out in section 4.

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1. INFORMATION SUMMARY (CONT'D)**1.2 Promoters, Substantial Shareholders And Directors**

Our Promoters are NLJ Resources, Lee Siew Tat and Heng Ling Jy.

Our substantial shareholders are NLJ Resources, Lee Siew Tat, Heng Ling Jy, VF Capital, Priharta, Tiong Chiong le, Tiong Jin Choo and Tiong Chiong Siong. VF Capital had invested in our Group after having evidenced the quality of our business software since 2001 when we developed an e-ticketing management system for its related company. Priharta, Tiong Chiong le, Tiong Jin Choo and Tiong Chiong Siong are deemed interested in our Company via their deemed interests in VF Capital.

Directors of our Company are as listed below:-

Name	Designation
Tiong Chiong le	Non-Independent Non-Executive Chairman
Lee Siew Tat	Managing Director and Chief Executive Officer
Heng Ling Jy	Executive Director and Chief Operating Officer
Chia Kah Pheng	Non-Independent Non-Executive Director
Lai Yew Hock	Non-Independent Non-Executive Director
Ong Kiat Yam	Independent Non-Executive Director
Patrick Wong Haw Yeong	Independent Non-Executive Director

Details of our Promoters, substantial shareholders and Directors are set out in section 5.

1.3 Salient Information On The IPO

The IPO entails a public offering of 23,000,000 Shares at an IPO Price of RM0.40 per IPO Share.

The IPO is expected to raise gross proceeds of RM9,200,000. The entire proceeds of the IPO, net of placement fee, underwriting commission and brokerage, will accrue to our Company.

Further information on the IPO is set out in section 2.

1.4 Utilization Of Proceeds

As further detailed in section 2.6, we will use the total gross proceeds of RM9,200,000 arising from the IPO in the following manner:-

	Amount (RM'000)	Expected Utilization Period After Our Listing
R&D expenditure	3,300	Within two (2) years
Capital expenditure	1,600	Within two (2) years
Working capital	2,800	Within two (2) years
Estimated listing expenses	1,500	Upon completion of the IPO
	9,200	

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1. INFORMATION SUMMARY (CONT'D)**1.5 Risk Factors**

In evaluating an investment in the IPO Shares, you should carefully consider all information contained in this Prospectus including but not limited to the following general and specific risks:-

1.5.1 Risks In Respect Of The IPO

- a) There is no prior market for our Shares, and an active market for our Shares may not develop;
- b) Our Shares are subject to capital market risk, which could result in the value of your investment in our Shares to decline; and
- c) There may be delay in or abortion of our listing.

1.5.2 Risks In Respect Of Our Operations And Our Financial Performance

- a) Actual results may differ materially from our profit estimate and forecast;
- b) Actual results, performance or achievements may differ materially from those expressed or implied in forward-looking statements;
- c) We are affected by political, economical and legislative factors that are beyond our control;
- d) Commercialisation of Open Source Based Business Software is relatively new in Malaysia;
- e) We face continuous competition from other business software providers;
- f) Our revenue stream is presently contributed by a few customers;
- g) Recoverability of debts is inherently uncertain;
- h) We rely on the continued employment and performance of our Executive Directors and key personnel;
- i) We need to keep abreast with technological changes, and respond proactively to changes in demand;
- j) There is no assurance that our plans and strategies would be successfully implemented, and that they would contribute positively to our profitability;
- k) Timing of introduction of new products and enhancements could be delayed;
- l) There is no assurance that our proposed geographical expansion would contribute positively to our profitability;
- m) MDeC has the right to revoke our MSC Status, and our financial condition may be adversely affected in event of expiry of incentives;
- n) We rely on Open Source Technology in our product development;
- o) Length of our sales cycle is dependent on various factors;
- p) Projects secured may be delayed or aborted;
- q) Warranty claims by our customers may affect our profitability;
- r) Security breaches could affect our profitability;
- s) There is no assurance that there would be no unauthorized use of our technology;
- t) There can be no assurance that there would be no unauthorized use of our brand names;
- u) We may be exposed to foreign exchange risk in future;
- v) We are exposed to financial risks;
- w) System disruptions may adversely affect us;
- x) There is no assurance that our insurance coverage would be adequate; and
- y) Our controlling substantial shareholders will have control of certain matters requiring shareholders' approvals.

Further details of these risk factors are set out in section 3.

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1. INFORMATION SUMMARY (CONT'D)**1.6 Financial Highlights****1.6.1 Proforma Historical Consolidated Financial Information**

The following table sets out a summary of our proforma consolidated results for the past three (3) FYE 2005 and FPE 2006 which is presented for illustrative purposes only, on the assumption that our Group has been in existence throughout the years/period under review. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in section 8.1.

	FYE 2003 (RM'000)	FYE 2004 (RM'000)	FYE 2005 (RM'000)	* FPE 2005 (Unaudited) (RM'000)	^ FPE 2006 (RM'000)
Revenue	591	2,134	3,068	1,539	3,669
Profit before amortisation, depreciation, interest and taxation	27	1,061	1,567	539	2,620
Amortisation	-	-	(64)	(28)	(97)
Depreciation	(6)	(29)	(58)	(29)	(57)
Interest expense	(6)	(24)	(31)	(20)	(13)
Interest income	-	4	22	4	43
Profit before exceptional items	15	1,012	1,436	466	2,496
Exceptional items	-	-	-	-	-
Profit before taxation	15	1,012	1,436	466	2,496
Taxation	-	(1)	(4)	-	(10)
Profit from ordinary activities	15	1,011	1,432	466	2,486
Extraordinary items	-	-	-	-	-
Net profit	15	1,011	1,432	466	2,486
Assumed weighted average number of Shares in issue ('000)	2,711	11,521	24,362	19,591	57,000
Gross EPS (Sen)	0.55	8.78	5.89	* 2.38	* 4.38
Net EPS (Sen)	0.55	8.78	5.88	* 2.38	* 4.36

Note:-

The proforma consolidated results are prepared based on our Group's audited financial statements after incorporating the reversal of overprovision of cost of sales in prior financial years. (Costs of sales were overprovided in the FYE 2003 and 2004. The overprovisions were subsequently reversed in the FYE 2005. Hence, to reflect the matching of revenue and cost, the proforma consolidated results were prepared on the assumption that such overprovisions had not occurred.)

* The proforma consolidated results for the FPE 2005 have not been audited and are presented for comparison purposes only.

^ Also as per audited financial statements of TechnoDex for the FPE 2006.

* The gross and net EPS for financial periods of less than 12 months are not annualised.

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1. INFORMATION SUMMARY (CONT'D)**1.6.2 Profit Estimate And Forecast**

	(Estimate) FYE 2006	(Forecast) FYE 2007
Net profit (RM'000)	5,014	7,017
Net EPS (sen) *	6.27	8.77
PE Multiple based on the IPO Price (times)	6.38	4.56

Note:-

* based on our enlarged issued and paid-up share capital of 80,000,000 Shares.

1.6.3 Dividend Forecast

	FYE 2007
Net dividend per Share (sen)	1.0
Net dividend per Share (%)	10.0
Net dividend yield based on the IPO Price (%)	2.5
Net dividend cover (times)	8.8

1.6.4 Proforma Consolidated Balance Sheets As At 31 January 2006

The following information is extracted from the proforma consolidated financial information set out in section 8.1 and should be read in conjunction with the notes thereto.

	Audited As At 31.1.2006 (RM'000)	Proforma I After IPO (Including Utilization Of Listing Proceeds) (RM'000)	Proforma II After Proforma I And ESOS (RM'000)
	Equipment	771	2,371
Development costs	1,214	1,214	1,214
Goodwill on consolidation	1,559	1,559	1,559
Current assets	6,863	12,963	16,163
Current liabilities	(619)	(619)	(619)
	9,788	17,488	20,688
FINANCED BY:-			
Share capital	5,700	8,000	8,800
Share premium	-	5,400	7,800
Retained profits	3,959	3,959	3,959
	9,659	17,359	20,559
Non-current liability	129	129	129
	9,788	17,488	20,688
Number of ordinary shares in issue ('000)	⁽¹⁾ 5,700	⁽²⁾ 80,000	⁽²⁾ 88,000
NTA (RM'000)	6,886	14,586	17,786
NTA per Share (RM)	1.21	0.18	0.20

Note:-

⁽¹⁾ Ordinary shares of RM1.00 each.

⁽²⁾ Ordinary shares of RM0.10 each.

Further details on the information set out in section 1.6 are set out in section 8.

1. INFORMATION SUMMARY (CONT'D)

1.7 Auditors' Qualification

As set out in the Accountants' Report in section 9, none of the financial statements of the companies within our Group since the FYE 2003, where applicable, were subject to any audit qualification.

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2. PARTICULARS OF THE IPO

This Prospectus is dated 31 July 2006.

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

The approval of the SC for the listing of our Company as set out in section 6.1, obtained via its letter dated 22 March 2006 shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.

As further set out in section 6.1, Bursa Securities had via its letter dated 29 July 2005 approved in-principle the admission to the Official List of Bursa Securities and the listing of and quotation for our Company's entire enlarged issued and paid-up share capital, including new Shares pursuant to the exercise of ESOS Options, on the MESDAQ Market. Official quotation for the 80,000,000 Shares in our Company upon listing will commence after, among others, receipt of confirmation from Bursa Depository of the receipt of allotment tape for the crediting of the Shares, and receipt of an undertaking that notices of allotment will be issued and despatched to all successful applicants prior to the date of listing and quotation of the Shares.

Bursa Securities assumes no responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. Admission to the Official List of the MESDAQ Market is not to be taken as an indication of our merits or merits of our Shares.

At least 25% of the total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders at the time of our admission to the MESDAQ Market. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our listing on the MESDAQ Market. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as a prescribed security. In consequence thereof, the IPO Shares issued through this Prospectus will be deposited directly with Bursa Depository, and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository.

All applicants must have a CDS Account.

All enquiries in respect of the application form for IPO Shares made available for application by the Malaysian Persons may be directed to MIH. Notwithstanding the aforementioned, investors should note that information relevant to an investment in the Shares of our Company are contained in this Prospectus.

Please note that this Prospectus shall not represent or imply that there has been no change in our Group's affairs since the issuance of this Prospectus.

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2. PARTICULARS OF THE IPO (CONT'D)

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for, or an offer to sell the IPO Shares, in any jurisdiction in which such invitation or offer is not authorised or lawful or to any person to whom it is unlawful to make such invitation or offer.

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional advisers.

2.1 Purposes Of The IPO

The purposes of the IPO are as follows:-

- i) to provide an opportunity for the Malaysian investors, and our eligible Directors and employees to participate in our equity and continuing growth;
- ii) to enable us to gain recognition and certain stature through our listing status and further enhance our corporate reputation and assist us in expanding our customer base;
- iii) to raise funds for use in our operations;
- iv) to enable us to gain access to the capital markets to raise funds for our future expansion, diversification, modernisation and continued growth; and
- v) to facilitate the listing of and quotation for our entire enlarged issued and fully paid-up share capital on the MESDAQ Market of Bursa Securities.

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2. PARTICULARS OF THE IPO (CONT'D)

2.2 Share Capital

	Number Of Shares	Share Capital (RM)
Authorised Share Capital	100,000,000	10,000,000
Issued And Fully Paid-Up Share Capital		
As at 15 June 2006	57,000,000	5,700,000
New Shares to be issued pursuant to the IPO	23,000,000	2,300,000
Enlarged Share Capital Upon Listing	80,000,000	8,000,000
New Shares to be issued assuming full exercise of ESOS Options	8,000,000	800,000
Enlarged Share Capital Assuming Full Exercise Of ESOS Options	88,000,000	8,800,000

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 rank pari passu in all respects with the other existing shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

Subject to any special rights attached to any shares which we may issue in the future, the holders of Shares in our Company shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in respect of any surplus in the event of our liquidation, in accordance with our Articles of Association.

At every general meeting, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy (a shareholder is entitled to appoint two (2) proxies to attend the same meeting; if two (2) proxies are appointed, only one (1) specifically nominated by the shareholders and if no such nomination, the proxy whose name ranked first in alphabetical order, is allowed to vote on a show of hands) or attorney to a shareholder shall have one (1) vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ordinary share held. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

2.3 Details Of The IPO

Pursuant to the IPO, we will issue 23,000,000 new Shares at an issue price of RM0.40 per Share. The IPO Shares shall be subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares will be allocated in the manner set out below.

2.3.1 Private Placements

17,400,000 Shares will be placed with Malaysian Persons by AmMerchant Bank in its capacity as the Placement Agent.

2.3.2 Allocations Via Balloting To Malaysian Persons

4,000,000 Shares will be made available for application by Malaysian Persons, to be allocated via ballot, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

2. PARTICULARS OF THE IPO (CONT'D)**2.3.3 Pink Form Allocations To Our Eligible Directors And Employees**

1,600,000 Shares will be reserved for our seven (7) Directors and 44 employees.

The Shares to be allocated to our eligible Directors and employees have been allocated based on criteria approved by our Board, which include, position and contribution to our Group.

Pink form allocations to our Directors are as follows:-

Name	Designation	No. Of Shares
Tiong Chiong le	Non-Independent Non-Executive Chairman	50,000
Lee Siew Tat	Managing Director and Chief Executive Officer	250,000
Heng Ling Jy	Executive Director and Chief Operating Officer	250,000
Chia Kah Pheng	Non-Independent Non-Executive Director	50,000
Lai Yew Hock	Non-Independent Non-Executive Director	50,000
Ong Kiat Yam	Independent Non-Executive Director	50,000
Patrick Wong Haw Yeong	Independent Non-Executive Director	50,000
		750,000

All the IPO Shares available for application by the Malaysian Persons, and our eligible Directors and employees are fully underwritten. The 17,400,000 IPO Shares available for private placement are not underwritten as the shares have been made available for placement to exempt investors as defined under Schedule 2 and 3 of the Securities Commission Act, 1993, and irrevocable undertakings have been obtained for the subscription of the shares.

Any IPO Shares, which are not taken up by our eligible Directors and employees will be made available for application by the Malaysian Persons. Any IPO Shares which are not taken up by the Malaysian Persons, will be made available to identified placees via private placement if the private placement is oversubscribed and vice versa. Any further IPO Shares not subscribed for will be made available for subscription by the Underwriters in the proportion specified in the Underwriting Agreement dated 30 June 2006.

The allocations of the IPO Shares take into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities, and to establish a liquid and adequate market for our Shares.

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2. PARTICULARS OF THE IPO (CONT'D)

2.4 Basis Of Arriving At The IPO Price

The IPO Price is RM0.40 per Share. The price was determined and agreed upon by us, and AmMerchant Bank as the Adviser and Managing Underwriter, based on various factors which include the following:-

- i) the prevailing market conditions; the PE Multiple of the MESDAQ Composite was 13.76 times as at 29 June 2006, being the date preceding the date of execution of the Underwriting Agreement;
- ii) our proforma consolidated NTA per Share as at 31 January 2006 of approximately RM0.18 based on our enlarged issued and fully paid-up share capital of 80,000,000 Shares upon listing and after the proposed utilization of listing proceeds;
- iii) the PE Multiple of 22.35 times based on our latest proforma audited consolidated net profit of approximately RM1.4 million for the FYE 2005 and our enlarged issued and fully paid-up share capital of 80,000,000 Shares upon listing;
- iv) the PE Multiples of 6.38 times and 4.56 times based on our net profit estimate and forecast of approximately RM5.0 million and RM7.0 million for the FYE 2006 and 2007 respectively and our enlarged issued and fully paid-up share capital of 80,000,000 Shares upon listing; and
- v) our business, future plans and strategies, and prospects as outlined in section 4.

Our Directors and AmMerchant Bank are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

However, you should note that the market price of our Shares upon listing on Bursa Securities is subject to the vagaries of the market forces and other uncertainties which may affect the price of the Shares when they are traded.

You should form your own views on the valuation of the securities and the reasonableness of the bases used.

2.5 Market Capitalisation Upon Listing

Based on the IPO Price, and the issued and fully paid-up share capital of 80,000,000 Shares, our Company's market capitalisation will be RM32 million.

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2. PARTICULARS OF THE IPO (CONT'D)**2.6 Proceeds Of The IPO**

There is no minimum subscription to be raised from the IPO, as the IPO Shares, save for our 17,400,000 Shares to be placed out, are fully underwritten.

In summary, the gross proceeds of RM9,200,000 which would accrue to us from the IPO are proposed to be utilised in the following manner:-

	Amount (RM'000)	Expected Utilization Period After Our Listing
R&D expenditure	3,300	Within two (2) years
Capital expenditure	1,600	Within two (2) years
Working capital	2,800	Within two (2) years
Estimated listing expenses	1,500	Upon completion of the IPO
	9,200	

Our Board is of the opinion that the aforementioned allocation is in our Group's best interests and that the proposed allocation for R&D and capital expenditure and as working capital, is expected to contribute positively to our Group's future profitability. We shall bear all expenses relating to the IPO, and all other expenses and fees incidental to the listing of and quotation for our entire enlarged issued and fully paid-up share capital on the MESDAQ Market of Bursa Securities, estimated at RM1,500,000. The listing expenses will be debited against our share premium account.

2.6.1 R&D Expenditure

As part of our ongoing efforts to maintain our IT creativeness and competitive advantage, we have allocated RM3,300,000 for the purchase of R&D equipment and materials, and the overhead expenses of the R&D team.

Other than the continuous evolution of TechnoDex® Platform to deliver an optimal, comprehensive, integrated and scalable architecture to our customers, we will continue with our efforts to introduce new vertical applications, and to enhance our existing ones.

2.6.2 Capital Expenditure

Recognising that enterprises have become more cost-conscious, and are increasingly more inclined towards IT models that demand lower maintenance costs whilst providing greater efficiency, we have embarked on developing our own Utility Computing model. We have allocated RM1,600,000 for the upgrading and purchase of computer servers, hardware and software to set up the optimum scale of essential infrastructure to support the on-going roll-out and upgrading of our Utility Computing model.

2.6.3 Working Capital

In line with our human resources and geographical expansion plans, we have allocated RM2,800,000 for working capital purposes. As we aim to expand our operations via enhanced market penetration, a greater amount of marketing expenses would be required. This allocation would also be used to support the higher level of staff costs arising from our expansion plan.

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2. PARTICULARS OF THE IPO (CONT'D)**2.6.4 Listing Expenses**

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

Estimated Listing Expenses	Amount (RM)
Fees to authorities	74,500
Professional fees #, including placement, underwriting and brokerage fees	936,960
Other miscellaneous expenses @	488,540
	[^] 1,500,000

Note:-

include fees for among others, the Adviser, Solicitors, Reporting Accountants and Independent Market Researcher.

@ Other incidental or related expenses in connection with the IPO.

^ Any unutilised amount shall be used for our Group's working capital purposes.

Placement Fee

Our Company will bear a placement fee of 2.0% of the IPO Price in respect of the IPO Shares available for private placement to selected investors.

Underwriting Commission

Our Company will bear an underwriting commission of 2.0% of the IPO Price in respect of the IPO Shares made available for application by the Malaysian Persons, and our eligible Directors and employees.

Brokerage

Our Company will bear a brokerage fee at 1.0% of the IPO Price in respect of successful applications by the Malaysian Persons, and our eligible Directors and employees which bear the stamp of AmMerchant Bank, participating organizations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association, or MIH.

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2. PARTICULARS OF THE IPO (CONT'D)

2.7 Salient Terms Of The Underwriting Agreement

The salient clauses of the Underwriting Agreement dated 30 June 2006 between ourselves and the Underwriters, which may allow the Underwriters to withdraw from their obligations under the agreement, are set out below.

All expressions set out in the ensuing section shall have the same meaning as the Underwriting Agreement.

TERMINATION

- (1) Subject to clause (2) below but notwithstanding any other provision herein contained, the Managing Underwriter and the Underwriters or any of them may by notice in writing to the Company given at any time before the Closing Date, terminate and cancel and withdraw the commitment of the Underwriters to underwrite the Underwritten Shares if:-
- (a) any of the conditions precedent set out in the Underwriting Agreement are not duly satisfied by the Closing Date; or
 - (b) there is any breach by the Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Managing Underwriter or the Underwriters (as the case may be) (i) within ten (10) Market Days from the date the Company is notified by the Managing Underwriter of such breach, or (ii) by the Closing Date, whichever is the earlier; or
 - (c) there is failure on the part of the Company to perform any of its obligations pursuant to the Underwriting Agreement; or
 - (d) there is withholding of information of a material nature from the Underwriters which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Managing Underwriter, would have a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares; or
 - (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or
 - (f) there shall have occurred, or happened any of the following circumstances:-
 - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rates (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 the occurrence of any combination of any of the foregoing; or
 - (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (including without limitation, acts of God, national disorder, declaration of a state of national emergency, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

2. PARTICULARS OF THE IPO (CONT'D)

which, would have or can reasonably be expected to have, in the reasonable opinion of the Managing Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Public Issue, or the distribution of the Public Issue Shares, or which has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms;

- (g) without limiting the generality of clause (1)(f)(i) above, the imposition of any moratorium, suspension or material restriction on trading in all securities generally on the Bursa Securities for at least three (3) consecutive Market Days; or
 - (h) without limiting the generality of clause (1)(f)(i) above, the Kuala Lumpur Composite Index has dropped below 700 points and stayed below 700 points for at least three (3) consecutive Market Days.
- (2) In the event that the Underwriting Agreement is terminated pursuant to clause (1)(f), the Underwriters and the Company may confer with a view to deferring the Public Issue by amending its terms or the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither the Underwriters nor the Company shall be under any obligation to enter into a fresh agreement.

FORCE MAJEURE

Notwithstanding anything contained in the Underwriting Agreement, the Managing Underwriter may, at any time before the Closing Date, by notice in writing delivered to the Company terminate the obligations of the Underwriters under the Underwriting Agreement if in the reasonable opinion of the Managing Underwriter, there shall have been such a change in national or international monetary, financial, political, economic or stock market conditions or exchange control or currency exchange rates or interest rates or otherwise as would in the reasonable opinion of the Managing Underwriter prejudice materially and adversely the success of the Public Issue and the listing of and quotation for the Public Issue Shares and/or in the event of a national disorder, outbreak of war, Act of God or the declaration of a state of national emergency.

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3. RISK FACTORS

In evaluating an investment in the IPO Shares, you should carefully consider all information contained in this Prospectus including but not limited to the following general and specific risks.

3.1 Risks In Respect Of The IPO

3.1.1 There is no prior market for our Shares, and an active market for our Shares may not develop

Prior to this IPO, there has been no public market for our Shares. There is no assurance that upon our listing on the MESDAQ Market, an active market for our Shares will develop, or, if developed, that such a market will be sustained. There can be no assurance that the IPO Price which has been determined after taking into consideration of the factors as set out in section 2.4, will correspond to the price at which our Shares will be traded on the MESDAQ Market upon or subsequent to our listing.

3.1.2 Our Shares are subject to capital market risk, which could result in the value of your investment in our Shares to decline

The performance of the MESDAQ Market is very much dependent on external factors such as the performance of the regional and world bourses, and the flows of foreign funds. Sentiments are also largely driven by internal factors such as the political and economic conditions of the country. These factors invariably contribute to the volatility of the local bourse. Being securities listed on the MESDAQ Market, our Shares would inevitably be subject to the vagaries of the capital market. Nevertheless, please note that our Group's profitability is not dependent on, and has no direct correlation with the performance of the MESDAQ Market.

3.1.3 There may be a delay in or abortion of our listing

The occurrence of inter alia, any one or more of the following events (which may not be exhaustive) may cause a delay in or abortion of our listing:-

- the placees identified fail to subscribe for the portion of the IPO Shares allotted to them;
- the Underwriters exercising their rights pursuant to the Underwriting Agreement discharging themselves from their obligations thereunder; and
- we are unable to meet the public spread requirements, whereby at least 25% of the total number of 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 time of our admission to the MESDAQ Market.

Nevertheless, our Directors would endeavour to ensure compliance of the various listing requirements for our successful listing on the MESDAQ Market.

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3. RISK FACTORS (CONT'D)

3.2 Risks In Respect Of Our Operations And Our Financial Performance

3.2.1 Actual results may differ materially from our profit estimate and forecast

This Prospectus contains our profit estimate and forecast for the FYE 2006 and 2007 that are based on assumptions, which our Directors deem to be reasonable, but are nonetheless, subject to uncertainties and contingencies. Because of the inherent uncertainties of estimates and forecasts, and because events and circumstances frequently do not occur as predicted, there can be no assurance that the estimates and forecasts contained herein will be realized. Actual results may be materially different from those shown. Investors should read carefully and would be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the estimate and forecast that are contained herein.

3.2.2 Actual results, performance or achievements may differ materially from those expressed or implied in forward-looking statements

Certain statements in this Prospectus are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on our Directors' estimates and assumptions, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty that our plans and objectives will be achieved.

3.2.3 We are affected by political, economical and legislative factors that are beyond our control

Our Directors keep themselves abreast with current political, economic and regulatory conditions, and aims to optimally adapt our business operations in response to any change in the conditions. Adverse developments in the political, economic and regulatory conditions, could materially and adversely affect our financial and business prospects. Political, economic and regulatory uncertainties include, but are not limited to the risks of war, riots, expropriation, nationalisation, renegotiation or nullification of existing contracts, changes to methods of taxation, fluctuations in foreign exchange rates, inflation and changes in interest rates.

3.2.4 Commercialisation of Open Source Based Business Software is relatively new in Malaysia

In Malaysia, enterprises have predominantly used proprietary software in their business processes (*source: Infocredit D&B*). Hence, there is no assurance that Open Source Based Business Software would be accepted as substitutes. However, the Board believes that with the promotion for adoption of Open Source Technology under the Malaysian Government's Open Source Software Master Plan, over time, enterprises would become more conscious of benefits of such software.

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3. RISK FACTORS (CONT'D)

3.2.5 We face continuous competition from other business software providers

Being a market worth RM444 million in 2005, with an expected growth momentum of between 9.5% and 10.2% per annum between 2006 and 2008, there are inevitably numerous players in the local business software industry (*source: Infocredit D&B*). Inherently, competitive factors would continue to affect our pricing and profitability. However, our Directors are of the opinion that with our leverage on TechnoDex® Platform, and our continuous emphasis on R&D, we are ready to face the challenges ahead. Our Directors believe that users would be attracted to our competitive products which are made possible due to our rather unconventional business approach, which include the on-going roll-out of our Utility Computing model.

In the international arena, our Group faces the obstacle of perceived inferiority of Malaysian ICT products as compared to those of developed countries. In response, we have mapped out strategic plans to strengthen our visibility and reach to other geographical markets, and to promote our products in those markets. Details on these plans are set out in section 4.7.2.

3.2.6 Our revenue stream is presently contributed by a few customers

For the FPE 2006, our revenue was contributed by 16 customers. As these contracts are generally project-based in nature, there is no assurance that these customers will continue to engage us to provide continuous maintenance services, or that we would be able to secure new customers to support our continued profitability.

Nonetheless, our Directors believe that over time, based on our accumulated track record and the deployment of our product development and expansion plans, our Group would be able to secure new customers, and to continue our relationship with our existing customers. As set out in section 3.2.5, our Directors believe that with our rather unconventional business approach, we would be able to attract customers with quality products at competitive prices. Moreover, our Directors are of the opinion that our Group will become increasingly visible with effective implementation of our marketing strategies and reseller programme. Details of the strategies and programme are set out in section 4.5.8 and section 4.7.4 respectively.

3.2.7 Recoverability of debts is inherently uncertain

The risk of potential bad debts is considered to affect most businesses in general. However, recoverability of debts has not been a significant concern for the past years since our Group's existence. We evaluate the creditworthiness of all our customers on a periodic basis to ensure credit risk is kept at a minimal level. Furthermore, our relationships with our customers are built on mutual understanding of payment within terms mutually agreed upon.

Common to most businesses, on a case-to-case basis, our Group has evaluated and consented to extension of credit terms where we believe in the business potential with the customer or our Group has had a long and trusted working relationship with the customer. In the past, our Group has largely been able to collect amounts due from such customers albeit, after the stated credit terms. As at 31 January 2006, our Group's total trade receivables amounted to approximately RM4.1 million, of which approximately RM1.8 million has been collected as at 15 June 2006.

Nonetheless, there is no assurance that all debts would be collected. Our financial performance could be adversely affected in event of write-offs and/or provisions for doubtful debts. However, our Directors are confident that our outstanding debts are recoverable.

Services provided to our customers and billings are by milestones; hence, our Group is able to manage/mitigate collection risk as we reserve the right to discontinue provision of further services unless the previous billings have been cleared within the stated credit terms.

3. RISK FACTORS (CONT'D)

3.2.8 We rely on the continued employment and performance of our Executive Directors and key personnel

We believe that our continuing success depends, to a significant extent, upon the abilities and continuing efforts of our Executive Directors and our key personnel. The loss of any key member may adversely affect our ability to achieve our business objectives.

Our Directors are also aware that much effort is required to source for competent and experienced personnel who are well-versed with Open Source Technology. In response, we have put in place various human resource incentives to retain our existing key members and to attract new skilled personnel. For instance, we will be implementing an ESOS in conjunction with our listing on the MESDAQ Market to allow our employees to participate in our future growth and success. By becoming shareholders, we believe our employees will perform with even more vigour and passion.

Our Executive Directors are also our substantial shareholders. 39,600,000 Shares in which they are interested in, have been placed under moratorium where selling restrictions have been imposed in accordance with the relevant requirements. Hence, to safeguard the value of their investments, we believe they would continue to act in our best interests.

To ensure project and service continuity, we attempt to minimize the effects of loss of key personnel through documentation and regular updating of our products' technical specifications and standard operating procedures.

Whilst we have sought to mitigate the risks associated with the loss of any key personnel, there can be no assurance that such loss would not have an adverse effect on our operations and profitability.

3.2.9 We need to keep abreast with technological changes, and respond proactively to changes in demand

The market for ICT in Malaysia is still at early stage of development and is characterised by rapidly changing technology, evolving industry standards, frequent new services and product introductions, and changes in customer demands (*source: Infocredit D&B*). Failure to manage technological changes and to respond to changes in demand will render our products obsolete. Life cycles of ICT products are typically difficult to be estimated.

Our success depends on our ability to take advantage of leading technologies and to provide relevant value-adding products to our customers. Our Directors believe that the Executive Directors' acute business sense and foresight are clearly reflected in our Group's conceptualisation of TechnoDex® Platform, which we believe, together with the integration with the Utility Computing concept, is a rather unconventional model in the Malaysian ICT market.

3.2.10 There is no assurance that our plans and strategies would be successfully implemented, and that they would contribute positively to our profitability

The success and viability of our business plans and strategies are largely dependent upon the dynamics of the evolving ICT industry, and adequacy of our human resources. Whilst our Directors believe that the plans and strategies are viable based on current circumstances, they believe that our Group, adopting the Agile Methodology here, "*responding to change over following a plan*", and being a lean organisation, would be able to respond to unanticipated change in market forces, and would be able to smoothly deviate from the set plans if required. Further elaboration on the Agile Methodology is set out in section 4.5.3 (ii).

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3. RISK FACTORS (CONT'D)

3.2.11 Introduction of new products and enhancements could be delayed

Any delay in developing and releasing new products and enhancements could adversely affect our continued profitability. However, our Directors believe that we would be able to continually develop and introduce new products and enhancements that respond to our customers' needs. They are of the opinion that our R&D achievements to-date are strong testimonies of our R&D capabilities to develop products that are desired in a timely manner.

3.2.12 There is no assurance that our proposed geographical expansion would contribute positively to our profitability

We intend to intensify our marketing efforts in our endeavour to penetrate other geographical markets. As there can be no assurance that our geographical expansion plans would result in increased revenue, any cost or investment incurred in such efforts may not be recovered.

There are various inherent risks in business activities in foreign markets. Amongst others:-

- costs of localising products for foreign markets may be high;
- continuous adaptation may be required due to unexpected changes in regulatory requirements; and
- costs of compliance with different legislations.

However, we intend to minimise the costs and risks of our attempt of geographical expansion by forming strategic alliances with local entities in target countries. We could tap into their knowledge of local conditions and distribution network. As at 15 June 2006, we have established our partnership programme in Brunei and Indonesia, and we intend to establish the same in Thailand, Vietnam, Australia, Europe, and the United States of America. As a member of the Malaysia External Trade Development Corporation (MATRADE), the external trade promotion arm of the Ministry Of International Trade And Industry (MITI), we also receive assistance in our endeavour to penetrate into foreign markets.

3.2.13 MDeC has the right to revoke our MSC Status, and our financial condition may be adversely affected in event of expiry of incentives

Our wholly-owned subsidiary, TechnoDex Solutions and ourselves were granted the MSC Status on 6 November 2002 and 20 April 2005 respectively by MDeC, and were granted financial and non-financial incentives.

MDeC is the body responsible for monitoring all MSC designated companies. MDeC has the right to revoke any company's MSC Status at any time. Amongst others, the MSC Status will be revoked if the MSC designated companies are unable to proceed with MSC activities, or if the MSC activities carried out defer from that stated in the relevant business plan submitted to MDeC.

As such, there can be no assurance that we will continue to retain our MSC Status, or that we will continue to enjoy or not experience delays in enjoying the MSC incentives, which could significantly and adversely affect our business and financial condition. There is also no assurance that the MSC incentives will not be changed or modified in any way in the future. Nonetheless, our Directors have confirmed that they would use their best endeavour to ensure that our companies meet MDeC's conditions where applicable to retain the MSC Statuses.

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3. RISK FACTORS (CONT'D)

Concurrent with the MSC Status granted to TechnoDex Solutions and our Company, we are qualified to receive the Pioneer Status under Section 4A of the Promotion Of Investment Act 1986. As such, income from TechnoDex Solutions' pioneer activities is exempted from tax for a period of five (5) years from the production date commencing 26 March 2003. As for TechnoDex, our Company has applied for an extension of time to determine the effective date for the commencement of the benefits arising from the Pioneer Status. Our financial condition may be adversely affected in the event our Pioneer Status is revoked prematurely and/or not renewed upon expiry.

Nevertheless, our Board would endeavour to ensure that the Pioneer Status would not be revoked prematurely. Our Board will also use its best endeavour to seek renewal of the Pioneer Status upon its expiry.

3.2.14 We rely on Open Source Technology in our product development

There can be no assurance that there would be a continuous supply of Open Source Technology, and that our profitability would not be adversely affected as a result. However, our Directors are of the opinion that there would be no shortage in supply of Open Source Technology in the foreseeable future, as there are strong supporters of such technology, especially in the developed countries.

3.2.15 Length of our sales cycle is dependent on various factors

As purchase of business software is generally considered as a strategic decision for enterprises, generally, prior to committing to any purchase, evaluation needs to be performed by both our prospective customers' senior management and technical team. The length of this evaluation process is largely dependent on the scale and complexity of the projects, and the organisational culture of the enterprise.

We believe our implementation of Utility Computing model, that aims at creating low entry points for the adoption of business software will help to shorten the sales cycle. This is because such utility service provides users accessibility to application over the internet, thus eliminating the need to purchase, install and maintain the needed solutions and allows economical cost of ownership (that swayed away from managing license issues).

The duration of our development and implementation processes are also inevitably largely dependent on the scale and complexity of the projects. Our Directors have confirmed that our Group has been able to deliver our products and services within timeframes that were mutually agreed upon with our customers.

3.2.16 Projects secured may be delayed or aborted

It is inevitable that for projects with typical sales cycle spanning over a few months (as opposed to over-the-counter sales), certain of our customers may elect to delay or abort the projects, and hence may adversely affect our profitability. However, our Directors have confirmed that there have not been such incidents that have materially and adversely affected our profitability. Furthermore, they have confirmed that should such incidents occur, there are adequate clauses in the agreements that provide adequate protection to our Group. Typically, revenue is accrued upon completion of certain milestones.

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3. RISK FACTORS (CONT'D)

3.2.17 Warranty claims by our customers may affect our profitability

As part of provision of our products and services, we also provide warranties to our customers. There can be no assurance that warranty claims would not be substantial and have material adverse effects on our business, financial condition and reputation.

However, our Directors have confirmed that our Group performs strict quality testing, and that there has not been any substantial warranty claim that has adversely and materially affected our profitability. This is in view of our strong focus on quality control testing and customers' acceptance of the results before the final release of the products and services. Similarly, going forward, our Directors believe that with our experience, strong technical expertise and emphasis on quality control, warranty claims, if any, would also not have material effects on our profitability.

3.2.18 Security breaches could affect our profitability

Security breaches of our products could result in erosion of customers' confidence in our products which could adversely affect our reputation, customers' claims and legal suit costs. Such risk is inevitably generic to all business software providers. Nonetheless, our Directors believe that we have used our best endeavour to ensure that the security features of our products are of high standards, and have confirmed that the Group will continue to manage the matter.

3.2.19 There is no assurance that there would be no unauthorized use of our technology

Our Directors are aware that there may be attempts to copy or otherwise obtain and use our TechnoDex® Platform or business software covertly. In addition to the copyright protection accorded by the Malaysian Copyright Act 1987 (as amended), in response, our Directors have taken the following steps to mitigate risk of misappropriation of our technology:-

- safeguarding of documentation in respect of source codes. Only authorised personnel has access to the relevant information required for performing his/her task;
- confidentiality clauses and non-disclosure agreements that govern the usage of information obtained in the course of work by our employees or ex-employees;
- signing of licensing agreements with our customers; and
- encryption of our source codes.

However, despite our efforts to protect our intellectual proprietary rights, there is no assurance that there would be no unauthorised use or release of our technology.

3.2.20 There can be no assurance that there would be no unauthorized use of our brand names

Negative connotations to a brand name or servicemark, would inevitably adversely affect the market share of that brand name or servicemark. Hence, as set out in section 4.5.9, we have registered "TechnoDex®" brand name and we have applied for registration of "TechnoDex Solutions", "EvoDex Solutions", "EvoDex", "EduDex", "ProcureDex" and "TransDex" brand names. Our Directors have confirmed that they would use their best endeavour to register the said brand names.

In the meantime, and even when brand names have been registered, there can be no assurance that there would not be unauthorized third party copying, using or exploiting of the names. In addition, there are always the possibilities of challenges or disputes on use of the brand names. Our Directors are of the opinion that our Group's usage of brand names does not infringe the rights of third parties.

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3. RISK FACTORS (CONT'D)

3.2.21 We may be exposed to foreign exchange risk in future

Our current revenue is principally generated from the local market. However, we are intensifying our efforts for expansion to other countries. As such, there is a potential that we will be exposed to increased foreign exchange risk in the future. The Group would nonetheless monitor its foreign exchange exposure and will hedge the potential foreign exchange risk whenever deemed appropriate.

3.2.22 We are exposed to financial risks

Generally, businesses face limitations in their growth, and operating and financial flexibilities due to their indebtedness. Nevertheless, our debt to equity ratio of 0.03 times based on TechnoDex's proforma consolidated balance sheets as at 31 January 2006 (based on enlarged issued and fully paid-up share capital of 80,000,000 Shares and after the proposed utilization of listing proceeds), gives us the capacity to borrow further if desired. Our Directors also believe that, taking into account the current and anticipated cash flows, the banking facilities available and the net proceeds from the IPO, we will have adequate working capital for a period of twelve (12) months from the date of issue of this Prospectus.

Furthermore, in relation to our indebtedness, our Directors are of the opinion that we would be able to meet our commitments when our debts become due and payable, with internally generated funds and/or external borrowings, and the commitments would not adversely affect our financial performance.

There are also various covenants in the credit facility agreements which may limit our operating and financial flexibilities. Our Directors are of the view that the covenants are of a nature which are commonly contained in credit facility agreements in Malaysia. Our act falling within the ambit or scope of such covenants will require the consent of the relevant bank or financier. Breach of such covenants may give rise to a right to the bank or financier to terminate the relevant credit facility and/or enforce any security granted in relation to that credit facility. Our Directors are aware of such covenants and shall take all precautions necessary to prevent any such breach.

3.2.23 System disruptions may adversely affect us

There is always a risk of system disruption due to among others, blackouts, natural disasters such as fire and flood, disruptions in water and electricity supply, and war.

Our Directors believe that we have adequate safety and fire-fighting equipment at our premises to ensure that the risk of fire is contained. We have also in place a system of educating our employees on relevant safety measures.

In the event of a power failure, our employees can continue working using laptops which have power storage capacities in the form of batteries. For the implementation phase, as our implementation projects are undertaken at our customers' premises, any power failure at our premises would have minimal interruption in the process. Furthermore, with our on-site and off-site backup systems, our operations are rather insulated from the effects of system disruptions.

Notwithstanding the measures taken, there is no assurance that emergency crisis would not cause interruptions in our operations and have adverse material effect on our profitability.

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3. RISK FACTORS (CONT'D)

3.2.24 There is no assurance that our insurance coverage would be adequate

We are aware of the adverse consequences arising from inadequate insurance coverage. In response, we regularly review and ensure insurance coverage is adequate for our assets on a continuous basis. Upon evaluation, where deemed necessary and beneficial, our assets are insured against events such as fire, storm, riot, strikes and malicious damages. However, there can be no assurance that the insurance coverage would be adequate for the replacement of our assets arising therefrom.

3.2.25 Our controlling substantial shareholders will have control of certain matters requiring shareholders' approvals

Upon completion of this IPO, NLJ Resources, Lee Siew Tat and Heng Ling Jy are expected to collectively control approximately 51.62% of our then issued and paid-up share capital. Together, unless they are required to abstain from voting by law and/or the relevant authorities, they will be able to effectively control the outcome of certain matters requiring the vote of shareholders.

In the event of related party transactions involving these shareholders, they would be required to abstain from voting. In addition, we have appointed two (2) independent non-executive directors, as a step towards good corporate governance and protecting the interests of minority shareholders.

Save as disclosed in the preceding paragraphs, to our Directors' best knowledge, we are not vulnerable to any other major specific risk factor or event.

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