1. INFORMATION SUMMARY

This section is only a summary of the salient information about us and the Public Issue and is extracted from the full text of this Prospectus. You should read and understand this section together with the whole Prospectus before you decide whether to invest in us.

1.1 Overview of our Group

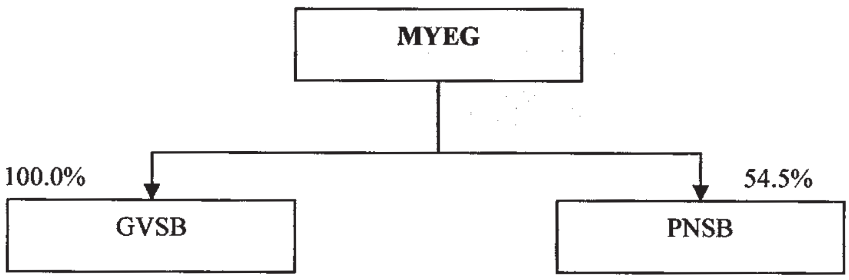
Our Company was incorporated in Malaysia as a private limited company under the Act on 17 February 2000 as I.T. Marvel Sdn Bhd. We subsequently changed our name to My E.G. Dot Com Sdn Bhd on 20 March 2000 before assuming the name, My E.G. Services Sdn Bhd, on 13 October 2001.

On 13 April 2005, our Company changed its status to a public limited company and assumed its present name, My E.G. Services Berhad, in conjunction with our listing on the MESDAQ Market.

We are engaged in the business of development and implementation of E-Government services and the provision of other related services for the E-Government Initiative as well as investment holding. Our current services include the electronic delivery of driver and vehicle registration, licensing and summons services and utility bill payments. The principal activities of our subsidiaries are as follows:

Subsidiaries	Date / Country of incorporation	% effective equity interest	Issued & paid-up capital RM	Principal activities
GVSB	28.10.2002 / Malaysia	100.0	2	Provision of software solutions and maintenance services
PNSB	03.01.2000 / Malaysia	54.5	99	Provision of E-Insurance solutions and other insurance-related services

Our Group's corporate structure is depicted as follows:



Detailed information on the history and business overview of our Group is set out in Section 4 of this Prospectus.

1.2 Financial Highlights

1.2.1 Historical Financial Information

The table below, which sets out a summary of our proforma consolidated results for the past three (3) FYE 30 June 2004 to 30 June 2006 ("Relevant Financial Period"), should be read in conjunction with Sections 9.1 and 9.2 of this Prospectus. It is provided for illustration purposes only to reflect what the financial results of our Group for the Relevant Financial Period would have been if our Group had been in existence at the beginning of the Relevant Financial Period.

	<------------------Years ended 30 June		------------->
	2004	**2005**	**2006**
	RM'000	**RM'000**	**RM'000**
Revenue	10,066	12,080	19,263
Gross profit	3,678	4,461	6,088
EBITDA	2,749	3,153	4,712
Depreciation	(370)	(400)	(302)
Amortisation	(173)	(191)	(252)
Interest expense	(41)	(22)	(40)
PBT	2,165	2,540	4,118
Taxation	(1)	(17)	(42)
PAT	2,164	2,523	4,076
MI	-	(14)	(57)
PAT after MI	2,164	2,509	4,019
Gross profit margin (%)	36.5	36.9	31.6
Net profit margin (%)	21.5	20.8	20.9
Weighted average number of Shares ('000)	70,631	98,396	100,750
Gross EPS (sen)	3.1	2.6	4.0
Net EPS (sen)	3.1	2.5	4.0

1. INFORMATION SUMMARY *(Cont'd)*

Notes:

1. *There were neither extraordinary nor exceptional items during the Relevant Financial Period under review. There was also no share of profits and losses of associated corporations and joint ventures during Relevant Financial Period under review. Our Group does not have any associated corporations or joint venture arrangements as at the date of this Prospectus.*

2. *The weighted average number of ordinary shares in issue assumed the shares were sub-divided retrospectively for the Relevant Financial Period before the Public Issue.*

3. *The proforma gross EPS is calculated by dividing the PBT net of MI by the assumed weighted average number of ordinary shares in issue after adjusting retrospectively for the sub-division of shares for the Relevant Financial Period.*

4. *The proforma net EPS is calculated by dividing the PAT net of MI by the assumed weighted average number of ordinary shares in issue after adjusting retrospectively for the sub-division of shares for the Relevant Financial Period.*

5. *All significant intra-group transactions are eliminated on consolidation and the consolidated results reflect external transactions only.*

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1. INFORMATION SUMMARY *(Cont'd)*

1.2.2 Proforma Consolidated Balance Sheets

The proforma consolidated balance sheets of our Company as at 30 June 2006 have been prepared for illustrative purposes only to show the effects of the Public Issue and utilisation of proceeds on the financial statements of our Group as at 30 June 2006 had the transactions been completed on that date, and should be read with Section 9.1 of this Prospectus.

	Audited as at 30 June 2006 RM'000	Proforma I After Public Issue RM'000
NON-CURRENT ASSETS		
Development costs	4,601	4,601
Equipment	3,946	14,787
Goodwill on consolidation	2,600	2,600
	11,147	21,988
CURRENT ASSETS		
Trade receivables	1,199	1,199
Other receivables and deposits	4,454	4,454
Cash and bank balances	2,277	3,661
	7,930	9,314
CURRENT LIABILITIES		
Trade payables	547	547
Other payables and accruals	1,225	1,225
Amount owing to a director	9	9
Provision for taxation	39	39
Term loan	33	33
	1,853	1,853
NET CURRENT ASSETS	6,077	7,461
	17,224	29,449
FINANCED BY:		
Share capital	10,075	12,625
Share premium	-	9,675
Retained profits	7,070	7,070
SHAREHOLDERS' EQUITY	17,145	29,370
MINORITY INTERESTS	66	66
NON-CURRENT LIABILITY		
Deferred taxation	13	13
	17,224	29,449
Number of Shares in issue ('000)	100,750	126,250
Net assets (RM'000)	17,211	29,436
Net assets per Share (sen)	17.1	23.3
NTA (RM'000)	10,010	22,235
NTA per Share (sen)	9.9	17.6

1.3 Risk Factors

Before investing in our Shares, you should pay particular attention to the fact that we, and to a large extent our activities, are subject to the legal, regulatory and business environment in Malaysia. Our business is subject to a number of factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks set out below. The risks factors set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares. Please refer to Section 3 of this Prospectus for detailed information on the risks in investing in our Company.

(i) Our business is correlated to the general economic condition and susceptible to general business risks;
(ii) We may face competition from other market players in the industry;
(iii) Our business is dependent on the Government concession;
(iv) We may not gain citizens' confidence in and acceptance of the E-Government applications;
(v) We are exposed to demand and seasonality;
(vi) We may encounter delays in our R&D programmes which may have an adverse effect on us;
(vii) We are exposed to technological risks;
(viii) There are risks associated with intellectual property infringement;
(ix) We are exposed to security risks and systems interruptions;
(x) We are subject to risks associated with rented premises;
(xi) We may suffer material losses resulting from inadequate insurance coverage;
(xii) Software development businesses are subject to high development cost and sunk cost;
(xiii) We depend on our key personnel and skilled professionals for continuous innovation;
(xiv) We may be adversely affected by a change in the terms or withdrawal of our MSC status;
(xv) The influence by promoters may have an effect on our business;
(xvi) We may encounter risks associated with bank borrowings and restrictive covenants under borrowing facility agreements;
(xvii) There is no assurance that we may be able to successfully identify, negotiate, finance or carry out new investments or ventures in the future that may integrate with or complement our current operations and businesses;
(xviii) We may face uncertainties in our proposed business development plan due to rapid technological development and market changes;
(xix) Our actual results may differ materially from the consolidated profit forecast;
(xx) This Prospectus includes forward-looking statements, which are statements other than statements of historical facts that are based on assumptions that are subject to uncertainties and contingencies;
(xxi) There has been no prior trading market for our Shares within or outside Malaysia and a market for our Shares may not develop; and
(xxii) There may be a delay or failure in our Listing.

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1. INFORMATION SUMMARY *(Cont'd)*

1.4 Principal Statistics relating to the Public Issue

(i) Share Capital

	RM
Authorised:	
250,000,000 Shares	25,000,000
Issued and fully paid-up as at the date of this Prospectus:	
100,750,000 Shares	10,075,000
To be issued pursuant to the Public Issue:	
25,500,000 new Shares	2,550,000
Enlarged issued and paid-up capital	12,625,000
Market capitalisation (126,250,000 Shares x Issue Price)	69,437,500

(ii) Class of shares and ranking

We have only one class of shares in MYEG namely ordinary shares of RM0.10 each. The Public Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares which are fully paid-up, including voting rights and rights to all dividends and distributions the entitlement date of which is subsequent to the date of their allotment.

(iii) Issue Price per Public Issue Share (sen) 55

(iv) Proforma Consolidated NTA

Proforma Consolidated NTA as at 30 June 2006 (after taking into account the Public Issue and estimated listing expenses of RM1.8 million) (RM'000)	22,235
Proforma Consolidated NTA per Share (based on the enlarged share capital of 126,250,000 Shares) (sen)	17.6

(v) Consolidated Profit Forecast

FYE 30 June 2007	**RM'000**
Revenue	22,963
Consolidated PBT	7,883
Less: Taxation	423
	7,460
Less: MI	449
Consolidated PAT after MI attributable to our shareholders	7,011

Weighted average number of shares in issue* ('000)	112,347
Basic EPS # (computed based on PAT after MI) (sen)	
- Based on the weighted average number of shares in issue	6.2
- Based on the enlarged share capital	5.6
Net PE Multiple based on the issue price of 55 sen per Share (times)	
- Based on the weighted average number of shares in issue	8.8
- Based on the enlarged share capital	9.8

Notes:

* *Calculated based on the assumption that the Public Issue is completed in mid January 2007.*

\# *Fully diluted EPS has not been presented as our Group has no dilutive potential ordinary shares.*

(vi) Dividend Policy and Forecast

It is our Directors' policy to recommend dividends which would allow shareholders to participate in the profits of our Group while at the same time leaving sufficient reserves for the future growth of our Group.

Our Board will take into consideration the following factors and the financial position of our Group in recommending and determining the level of dividend payments, if any, in any particular financial year or period:

(a) the level of our cash, marketable financial assets and level of indebtedness;
(b) required and expected interest expense, cashflows, our profits and return on equity and retained earnings;
(c) the availability of tax credits to frank dividends; and
(d) our projected levels of capital expenditure and other investment plans.

Based on the forecast consolidated PAT after MI for the FYE 30 June 2007, our Directors anticipate that in the absence of unforeseen circumstances, our Company will be in the position to propose a gross dividend of 5% per Share, based on our enlarged issued and paid-up share capital of 126,250,000 Shares for the FYE 30 June 2007.

FYE 30 June	**Forecast 2007**
Gross dividend per Share (sen)[1]	0.50
Net dividend per Share (sen) [1]	0.36
Gross dividend yield (based on the Issue Price) (%)	0.91
Net dividend yield (based on the Issue Price) (%)	0.65
Gross dividend cover (times) [2]	11.11
Net dividend cover (times) [2]	15.43

Notes:

1. *Based on our enlarged issued and paid-up share capital of 126,250,000 Shares.*
2. *The gross dividend cover and net dividend cover are computed based on the consolidated PAT after MI attributable to shareholders over the gross dividend and net dividend respectively.*

1.5 Use of Proceeds

The gross proceeds of RM14.0 million from the Public Issue accruing to the Company will be used in the following manner:

Purpose	**Amount RM'000**	**To be used by FYE**
Capital expenditure	10,841	2008
Working capital	1,384	2007
Estimated listing expenses	1,800	2007
	14,025	

Detailed information on the use of proceeds is set out in Section 2.7 of this Prospectus.

1.6 Syariah Status

We have voluntarily submitted an application to the SC for a Syariah compliance review to be carried out by the Syariah Advisory Council of the SC as part of the process of determining our Syariah status at initial public offering. The Syariah Advisory Council of the SC has classified our securities as Syariah-compliant based on our audited consolidated financial statements for the FYE 30 June 2006 and the Syariah criteria adopted by the Syariah Advisory Council of the SC.

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2. PARTICULARS OF THE PUBLIC ISSUE

2.1 Introduction

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the Form of Application has also been lodged with the ROC. Neither the SC nor the ROC takes any responsibility for its contents.

Approval has been obtained from the SC in respect of the Public Issue on 26 January 2006, 27 April 2006, 28 July 2006, 12 September 2006 and 29 September 2006. Approval-in-principle has also been obtained from Bursa Securities on 1 November 2006 for admission to the Official List of Bursa Securities and for listing of and quotation for our entire issued and paid-up share capital, including the Public Issue Shares which are the subject of this Prospectus, on the MESDAQ Market. These Shares will be admitted to the Official List of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all the successful applicants.

No Shares will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed MYEG Shares as a prescribed security. In consequence thereof, the Public Issue Shares 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. No share certificates will be issued to successful applicants.

Pursuant to the Listing Requirements, a company must have at least 25% of the total number of shares for which listing is sought in the hands of a minimum number of 1,000 public shareholders holding not less than 100 shares each, upon admission to the MESDAQ Market. In the event that the public spread requirement is not met upon completion of the Public Issue, we may not be allowed to proceed with our listing on the MESDAQ Market and accordingly, monies paid in respect of all applications will be returned without interest.

You MUST have a CDS account before making any application for the Public Issue 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. In the case of an application by way of Application Form, you must state your CDS account number in the space provided in the Application Form. For an application by way of Electronic Share Application, you shall furnish your CDS account number to the Participating Financial Institution by keying in your CDS account number if the instruction on the ATM screen at which you enter your Electronic Share Application requires you to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account and an existing account with access to the Internet financial services facilities with the Internet Participating Financial Institution can make an Internet Share Application. You shall furnish your CDS account number to the Internet Participating Financial Institution by keying in your CDS account number into the online application form. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application or Internet Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any sale made in connection with this Prospectus shall, in any circumstance, and at any time constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

This Prospectus has been prepared in the context of an issue, offer or invitation of securities under the laws of Malaysia. The circulation of this Prospectus and the issue, offer or invitation of the securities may be/is restricted in certain jurisdictions outside Malaysia and therefore persons into whose possession this Prospectus comes should seek advice on and observe any such restrictions. This Prospectus does not constitute an issue, offer or invitation by anyone in any jurisdiction in which such issue, offer or invitation is not authorised or to any person to whom it is unlawful to make such issue, offer or invitation.

You should rely on your own evaluation to assess the merits and risks of the investment. If you are in any doubt about any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2.2 Opening and Closing of Applications

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

Event	**Tentative Date**
Opening of Applications	30 November 2006
Closing of Applications	3 January 2007
Balloting of Applications	5 January 2007
Despatch of notices of allotment to successful applicants	15 January 2007
Listing of our entire enlarged issued and paid-up share capital on the MESDAQ Market	16 January 2007

The above timetable is only indicative and is subject to changes which may be necessary to facilitate implementation procedures. Our Directors and Underwriter may mutually decide, at their absolute discretion, to extend the closing date and time of the application to a later date or dates. If the closing date of the application is extended, the dates for the despatch of notices of allotment and our Listing will be extended accordingly. We will announce any extension of time on the closing date of the application in widely circulated English and Bahasa Malaysia newspapers within Malaysia.

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2.3 Purposes of the Public Issue

The purposes of the Public Issue are as follows:

(i) to enable us to gain access to the capital market to raise funds for future expansion and continued growth of our Group;

(ii) to provide an opportunity for our Group's Directors and eligible employees as well as the investing public and institutions to participate in our continuing growth by way of equity participation;

(iii) to enhance our profile and to facilitate better quality business deals, which will increase future prospects of our Group; and

(iv) to obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the MESDAQ Market, which is expected to enhance our Group's stature and business in marketing of our products and services, and to retain and attract skilled employees.

2.4 Details of the Public Issue

The Public Issue is made at an issue price of RM0.55 per MYEG Share, payable in full upon application, which will be allocated in the following manner:

(i) Eligible Directors and Employees

1,000,000 new MYEG Shares representing 0.79% of our enlarged issued and paid-up share capital are made available for application by our Group's eligible Directors and employees.

The allocation of Reserved Shares to the eligible Directors and employees of our Group is determined at the discretion of our Board. The criteria for allocation of Reserved Shares to the eligible employees of our Group include seniority in ranking, length of service and merit-based.

The Reserved Shares will be allocated as follows:

(a) For eligible Directors of our Group:

Name	Designation	No. of Reserved Shares
Senator Dato' Dr Norraesah Binti Haji Mohamad	Executive Chairman	100,000
Wong Thean Soon	Managing Director	25,000
Raja Munir Shah Bin Raja Mustapha	Executive Director	100,000
Mohd Jimmy Wong Bin Abdullah	Independent Non-Executive Director	80,000
Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor	Independent Non-Executive Director	80,000

(b) As at the LPD, a total of 61 employees of our Group are eligible to subscribe for the allocation of an aggregate of 615,000 Reserved Shares.

(ii) Malaysian Public

1,000,000 new MYEG Shares representing approximately 0.79% of our enlarged issued and paid-up share capital are made available for application by the Malaysian public to be allocated via ballot.

(iii) Private Placement

23,500,000 new MYEG Shares representing 18.61% of our enlarged issued and paid-up share capital are made available for application by way of private placement to identified investors.

Irrevocable undertakings have been obtained for the subscription of 22,500,000 Public Issue Shares under paragraph (iii) above, while the remaining 1,000,000 Public Issue Shares under the same paragraph to be offered for subscription to placees have been underwritten by the Underwriter ("Underwritten Placement Shares"). The Public Issue Shares under paragraph (i) and (ii) above are also fully underwritten by the Underwriter.

Any of the Reserved Shares under paragraph (i) above or any of the Underwritten Placement Shares not subscribed for will be made available for application by the Malaysian public. In the event of an overall under-subscription of the Reserved Shares under paragraph (i) above, the Public Issue Shares under paragraph (ii) above and/or the Underwritten Placement Shares, such Public Issue Shares will be made available for subscription by the Underwriter under the terms of the Underwriting Agreement dated 30 October 2006.

2.5 Share Capital and Rights Attaching to Shares

	RM
Authorised:	
250,000,000 Shares	25,000,000
Issued and fully paid-up as at the date of this Prospectus:	
100,750,000 Shares	10,075,000
To be issued pursuant to the Public Issue:	
25,500,000 new Shares	2,550,000
Enlarged issued and paid-up capital	12,625,000
Market capitalisation (126,250,000 Shares x Issue Price)	69,437,500

Class of shares and ranking

We have only one class of shares in MYEG namely ordinary shares of RM0.10 each. The Public Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares which are fully paid-up including voting rights and rights to all dividends and distributions the entitlement date of which is subsequent to the date of their allotment.

Subject to any special rights attaching to any shares that may be issued by our Company in the future, the ordinary shareholders of 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 the whole of any surplus in the event of liquidation of our Company, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with the Articles of Association of our Company.

At any of our general meeting, only the person who is registered as our shareholder shall be entitled to vote at any of our general meeting, in person or by authorised representative or proxy or by attorney. A member is entitled to appoint up to two (2) proxies to attend the same meeting. On a show of hands, every person present who is a shareholder or authorized representative or proxy or attorney of a shareholder shall have one vote. Whereas on a poll, every shareholder present in person or by authorised representative or by proxy or by attorney shall have one vote for each Share held. A proxy may but need not be a member. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the ROC.

2.6 Pricing of the Public Issue Shares

We and Hwang-DBS, as our Adviser and Underwriter, together with the Joint Placement Agent, have determined the Issue Price after taking into consideration the following factors:

(i) Our financial and operating history

We took into consideration our Group's historical net EPS of 4.0 sen, computed based on the latest audited consolidated PAT of approximately RM4.0 million for the FYE 30 June 2006, the existing issued and paid-up share capital of 100,750,000 Shares and the historical net PE Multiple of approximately 13.8 times. Further details on our financial and operating history are described in Section 4, Section 9 and Section 11 of this Prospectus.

(ii) Our earnings potential

We have also considered our Group's forecast net EPS of 6.2 sen, computed based on the forecast consolidated PAT of approximately RM7.0 million for the FYE 30 June 2007, the weighted average number of MYEG Shares of approximately 112,347,000 and the forecast net PE Multiple of approximately 8.8 times.

(iii) Our prospects, future plans and strategies

E-Government is expected to play an essential role in catalysing the development of the MSC as well as furthering political and economic development goals as per the objectives of Vision 2020. With the increasing trend to be experienced by the key demand drivers for E-Services under the E-Government programme, the demand for our Group's E-Services will inevitably increase in the future. Please refer to Section 12 of this Prospectus for further details on the key demand drivers of our Group's E-Services.

In the near future, we plan to expand both our GES and G2C services to cover issuance of probationary driving licence, application of vehicle registration numbers and motor vehicle registration, motor E-Insurance intermediary services, road tax renewal and transfer of motor vehicle ownership, amongst others. The expansion of our E-Services over the next few years is expected to contribute to the increase in our revenue in the future. Please refer to Section 4.9 of this Prospectus for further details on the future plans and strategies of our Group.

(iv) Prevailing market conditions

The prevailing market conditions, which include amongst others, current market trends, investor sentiments, and subscription rates and valuation of recent initial public offering launches, have been considered in pricing the Public Issue Shares.

(v) Proforma consolidated NTA per Share

Our proforma consolidated NTA per Share of approximately 17.6 sen based on the latest consolidated audited NTA as at 30 June 2006 (after Public Issue) of approximately RM22.2 million and the enlarged issued and paid-up share capital of 126,250,000 Shares.

Prior to the Public Issue, there has been no trading market for our Shares within or outside Malaysia. You should note that the market price of our Shares upon and subsequent to the Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares.

2.7 Proceeds of the Public Issue and Use of Proceeds

The gross proceeds of RM14.0 million from the Public Issue accruing to our Company will be used in the following manner:

Purpose	Amount RM'000	To be used by FYE
Capital expenditure	10,841	2008
Working capital	1,384	2007
Estimated listing expenses*	1,800	2007
	14,025	

The Public Issue proceeds have been earmarked mainly for the capital expenditure on revenue generating assets (such as the setting up and refurbishment of new E-Service Centers, purchase of computers, servers and network hardware, as well as purchase of kiosk hardware and software for the delivery of a range of E-Services) to increase the future cash flow and profitability of our Group. While the backbone of the operating software, systems and infrastructure of our Group's E-Services had been developed (for existing services) and is being developed, the availability of funds to finance the capital expenditure on our Group's revenue generating assets will boost the delivery of our E-Services to a larger number of consumers. This will enable us to strengthen our future operating cashflow.

2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

Notes:

* *The proceeds to be used for working capital will be adjusted accordingly in the event of any variation in the actual listing expenses from the estimated amount.*

(i) ***Capital expenditure***

As part of our business expansion plan, we will utilise approximately RM10.0 million for the setting up of new E-Service Centres, purchase of computers, servers and network hardware, as well as purchase of kiosk hardware and software for the delivery of a range of E-Services which currently include, amongst others, issuance and renewal of drivers' licences. Further, we shall set aside approximately RM0.8 million of our proceeds for the refurbishment of our existing E-Service Centres in particular, upgrading of our computer terminals and maintenance of facilities. The interest savings from acquiring the computers, servers and network hardware as well as kiosks hardware and software with the proceeds raised from the Public Issue rather than from borrowings is approximately RM0.9 million, based on an average interest rate of 8.75% per annum.

(ii) ***Working Capital***

With our planned business expansion, we expect to require additional working capital to fund our operations. We plan to set aside approximately RM1.4 million of the proceeds for our day-to-day working capital requirements such as rental, salary, electricity, Internet and telephone charges.

(iii) ***Estimated listing expenses***

The expenses of our Public Issue are estimated to be RM1.8 million, shown as follows:

	RM'000
Professional fees	*750*
Fees payable to authorities	*68*
Advertisement and printing	*100*
Underwriting commission, brokerage and placement fee	*563*
Issuing house fees	*60*
Contingencies	*259*
Total estimated listing expenses	*1,800*

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2.8 Brokerage, Underwriting Commission and Placement Fees

2.8.1 Brokerage

Brokerage relating to the 1,000,000 Public Issue Shares made available for application by the Malaysian public is payable by us at the rate of 1.0% of the Issue Price of RM0.55 per Public Issue Share in respect of successful applications bearing the stamp of Hwang-DBS, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIH.

2.8.2 Underwriting Commission

The Underwriter has agreed to underwrite:

(i) 1,000,000 Reserved Shares made available for application by the eligible Directors and employees of our Group;
(ii) 1,000,000 Public Issue Shares made available for application to the Malaysian public; and
(iii) 1,000,000 Public Issue Shares representing the Underwritten Placement Shares.

We will pay underwriting commission at the rate of 2.0% of the Issue Price per Public Issue Share.

2.8.3 Placement Fees

The Joint Placement Agents have agreed to collectively, place out 23,500,000 Public Issue Shares which are reserved for identified investors. We will pay a placement fee to the Joint Placement Agents at a rate of up to 2.75% of the Issue Price per Public Issue Share.

2.9 Salient Terms of the Underwriting Agreement

On 30 October 2006, we have entered into an underwriting agreement with the Underwriter ("Underwriting Agreement"), for the underwriting of:

(i) 1,000,000 Reserved Shares to be made available for application by the eligible Directors and employees of our Group;
(ii) 1,000,000 Public Issue Shares to be made available for application to the Malaysian public; and
(iii) 1,000,000 Public Issue Shares representing the Underwritten Placement Shares,

(collectively referred to as the "Underwritten Shares").

The terms used in this section are as defined in the Underwriting Agreement unless otherwise indicated, and the salient terms are summarised as follows:

Clause 4 – Conditions precedent for underwriting

4.1 The obligations of the Underwriter under this Agreement shall further be conditional upon:

4.1.1 on or prior to the Closing Date, the SC having approved the Prospectus (and if such approval is or will be conditional, all conditions being met upon terms acceptable to the Underwriter);

4.1.2 Bursa Securities having agreed in principle to the listing of and quotation for the Shares on the MESDAQ Market of Bursa Securities and if such approval shall be conditional such conditions being acceptable to the Underwriter on or prior to the Closing Date and such approval not being withdrawn, revoked, suspended, terminated or lapsed;

4.1.3 the Underwriter being satisfied that the listing of and quotation for the Shares on the MESDAQ Market of Bursa Securities will be granted two (2) Market Days after the submission to Bursa Securities of the relevant documents including the receipt of confirmation from the Depository confirming that the Securities Accounts of all the successful applicants have been duly credited and the Issuing House has confirmed that notices of allotment have been dispatched to the successful applicants;

4.1.4 the issue of the Issue Shares under the Initial Public Offering having been approved by Bursa Securities, SC and any other relevant Governmental Agency and such Authorisation not being withdrawn, revoked, suspended, terminated or lapsed;

4.1.5 the issue of the Issue Shares having been approved by the shareholders of the Company in a general meeting;

4.1.6 there has not been, at any time hereafter up to and including the Closing Date, any adverse change, or any development involving a prospective adverse change, in the business, financial condition or prospect of the Group other than as set out in the Prospectus, nor has any event occurred or any fact discovered which will render inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in Clause 3.1 if they are repeated on and as of the Closing Date;

4.1.7 the issue, offering and subscription of the Issue Shares in accordance with the provisions of the Prospectus, the Application Form and hereof not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any Governmental Agency of Malaysia (including SC or Bursa Securities);

4.1.8 a copy of the Prospectus having been lodged with ROC by or on behalf of the Company for registration in accordance with the requirement of Section 36A (4) of the Companies Act, together with copies of all documents required under the Companies Act;

4.1.9 the Prospectus having been registered with the SC and the accompanying documents having been submitted to the SC on or before the issue, circulation or distribution of the Prospectus to the public;

4.1.10 the Company having delivered to the Underwriter prior to the date of registration of the Prospectus with the SC each of the following documents:

(a) a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus and authorising the execution of this Agreement, the issue of the Issue Shares under the Initial Public Offering and the issuance of the Prospectus;

(b) confirmation from the directors of the Company confirming that there has not been any change or any development which may result in any adverse change in the business, financial condition or prospect of the Group which may affect the success of the Initial Public Offering;

4.1.11 the Company having delivered to the Underwriter on the Closing Date, a certificate in the agreed form of the Company signed by a duly authorised officer of the Company dated the Closing Date, to the effect that the person who provides such certificate has carefully examined this Agreement and that:

(a) the representations and warranties of the Company are true, accurate and correct and not misleading in all respects on and as of the Closing Date as though they had been given and made on the Closing Date and the Company has complied with all the terms of this Agreement and satisfied all the conditions on its part under this Agreement to be performed and satisfied on or prior to the Closing Date; and

(b) since the date of this Agreement, there has been no change or development that may adversely affect the business or financial condition or prospect of the Group except as disclosed in the Prospectus;

4.1.12 all necessary Authorisations required in relation to the Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect;

4.1.13 the Prospectus having been issued not later than three (3) months from the date of this Agreement or such other date as the Company and the Underwriter may mutually agree in writing;

4.1.14 the Underwriter being satisfied that the Company has made adequate arrangements to ensure that the expenses referred to in Clause 14 shall be duly paid; and

4.1.15 this Agreement having been duly executed by all the Parties and duly stamped.

4.2 In the event any of the conditions set forth in Clause 4.1 are not satisfied, the Underwriter shall, subject as mentioned below, thereupon be entitled to terminate this Agreement by notice given to the Company not later than the Closing Date.

4.3 In the event of termination pursuant to Clause 4.2 above (except for the liability of the Company for payment of costs and expenses incurred prior to or in connection with such termination) the Parties will be released and discharged from their obligations under this Agreement PROVIDED THAT the Underwriter may, at its discretion waive compliance with any of the provisions of this Clause without prejudice to its power, rights and remedies under this Agreement.

Clause 5 – Right of Underwriter to terminate agreement

5.1 The following shall constitute Termination Events under this Agreement, whether or not they are within the control of the Company, upon the occurrence of which the Underwriter may by notice in writing to the Company given at any time on or before the Closing Date, terminate, cancel and withdraw from its Underwriting Commitment hereunder:

5.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3.1 or any other provisions of this Agreement, the breach of which is incapable of remedy or if capable of remedy, the Company fails to remedy such breach within a period of fourteen (14) days from the date of notice in writing by the Underwriter notifying the Company of such breach and requiring the Company to remedy the same;

5.1.2 the Company withholds any information from the Underwriter, which, in the opinion of the Underwriter may or is likely to have an adverse effect on the business, financial condition or prospect of the Group or the success of the Initial Public Offering;

5.1.3 there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter by reason of force majeure which would have or can reasonably be expected to have, an adverse effect on the business, operations, financial condition or prospect of the Group or the success of the Initial Public Offering or which is likely to have the effect of making any material obligation under this Agreement incapable of performance in accordance with its terms. "Force Majeure" means causes which are unpredictable and beyond the reasonable control of the Party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including:

(a) war (whether war declared or not), acts of warfare, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war, hijacking, terrorism;

(b) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power; or

(c) natural catastrophe including but not limited to earthquake, flood, fire, storm, lightning tempest, accident or other acts of God.

5.1.4 any government requisition or other occurrence of any nature whatsoever which in the opinion of the Underwriter may or is likely to have an adverse effect on the business, financial condition or prospect of the Group or the success of the Initial Public Offering;

5.1.5 any change in national or international monetary, financial (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Underwriter may or likely to have an adverse effect on the business, financial condition or prospect of the Group taken as a whole or the success of the Initial Public Offering or the distribution or sale of the Issue Shares (whether in the primary market or in respect of dealings in the secondary market);

5.1.6 the trading of securities on Bursa Securities is suspended or restricted for three (3) consecutive Market Days;

5.1.7 any change in law, regulation, directive, policy or ruling in any jurisdiction which in the opinion of the Underwriter may prejudice the success of the Initial Public Offering or which may or likely to have the effect of making any obligation under this Agreement incapable of performance in accordance with its terms; or

5.1.8 the Kuala Lumpur Composite Index has dropped below seven hundred and fifty (750) points and stayed below seven hundred and fifty (750) points for at least three (3) consecutive Market Days.

5.2 Upon such notice of termination being given under Clause 5.1, the Underwriter will be released and discharged from its obligations without prejudice to its rights under this Agreement and this Agreement will thereafter be of no further force or effect and no Party will be under any liability to any other in respect of or under this Agreement, except that the Company will remain liable in respect of its obligations and liabilities under Clause 3.1 and for the payment of all costs and expenses already incurred by the Underwriter up to the date on which such notice was given and for the payment of any taxes, duties or levies and the Company shall refund to the Underwriter the subscription monies including interests accrued, if any, paid by the Underwriter pursuant to their subscription of the Underwritten Shares pursuant to Clause 8.1.

5.3 Notwithstanding any other provisions in this Agreement, the Underwriter and the Company may however, confer with a view to deferring the Initial Public Offering or amending its terms or the terms of this Agreement or enter into a new underwriting agreement accordingly. However, the Company and the Underwriter are not under any obligation whatsoever to enter into a fresh underwriting agreement.

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3. RISK FACTORS

Before investing in our Shares, you should pay particular attention to the fact that we, and to a large extent our activities, are subject to the legal, regulatory and business environment in Malaysia. Our business is subject to a number of factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations set out below. The risks and investment considerations set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares.

3.1 General Economic, Political, Legislative, Business and Social Conditions

As with any business, our business is not impervious to adverse developments in the economic, socio-economic, political, legislative and business conditions both on the domestic and international front, and/or other countries which we have and/or may have (in future) business links. Any adverse developments of such nature could materially and adversely affect our business, operations and financial performance. Amongst the political, economic and social uncertainties include, but are not limited to, the changes in political leadership, war, global economic downturn, expropriation, nationalisation, and unfavourable change in Government policy and regulations on foreign exchange rates and methods, taxation and exchange control restrictions. Our business is also vulnerable to certain risks inherent in the industry in which we operate. We may be affected by entry of new players, constraints in skilled labour supply and increase in labour costs, changes in law and tax legislation affecting the E-Services project and changes in business and credit conditions.

We seek to mitigate these risks through prudent management policies, active R&D, securing and maintaining good business relationships with our customers and suppliers, expansion of our client base in the local market and effective human resource management. However, we cannot provide any assurance that our business and operations will not be adversely affected by any change in any of these environments.

3.2 Competition

The business environment within the E-Services project in Malaysia is moderately competitive with only 3 players. However, we may encounter competition from companies that provide similar EBPP services to that under the E-Services portal. An example of this will be banks and credit card companies offering utility payment facilities either over the counter or through electronic arrangement. These financial institutions may attract new customers by giving away prizes and special gifts to selected customers who pay their bills through them, effectively subsidising the customer. The possibility of increased competition from these competitors may cause us to lose some market share and consequently result in lower profit margins in the provision of such EBPP services.

Nevertheless, we are confident that we will be able to maintain our competitive advantage by focusing on providing high value-added services, continuous product development and improvement, innovative application modules, prompt and efficient delivery of services and effective cost controls. Additionally, the integrated nature of our Group's services, combining the delivery of both E-Services and related commercial services such as the E-Cover Notes, currently affords us a competitive edge over our competitors. However, there can be no assurance that our Group will not be affected by the competitive strategies adopted by the other Service Providers of the E-Services project. We are unable to provide any assurance that we will always be able to maintain and/or expand our market share in Malaysia. In 2005, our market share in terms of revenue in the local E-Services industry is approximately 45.2%.

(Source: Independent Market Research Report)

3.3 Dependence on the Government Concession

Presently, our Group's revenue is substantially derived from the operations under the Government concession. Our concession with the Government provides us with the rights to incorporate services (current and future) under the E-Services project to various government agencies / Service Suppliers over a period of 15 years commencing from the date of the execution of the respective agreements plus an option to extend subject to mutually agreeable terms. We have entered into such agreements with the Government on 23 May 2000 and 28 January 2003, under the Government concession as service providers for JPJ, together with TELEKOM and TNB, and PDRM respectively. We also expect to execute similar agreements with the Government as service providers for DBKL and JIM.

Upon expiration of this concession, we will be required to transfer our proprietary software to the Government without compensation. However, physical assets such as systems, servers, routers and test centres, and operational know-how related to the concession shall remain our property. It may be difficult to predict the impact of the expiration of this concession on our business potential. However, the risks arising from the expiration of the concession period is, to some extent, mitigated given that the computerization of governmental services is inevitable because of the greater efficiencies and conveniences afforded by such a process. The provision of E-Services also forms a strategic component in the building of the Government's technology vision for Malaysia. Therefore, the Government will still require companies like us to continue providing these services to the public.

Furthermore, the likelihood of the Government switching to another new Service Provider is unlikely, since we as a Group have proven that we are a reliable Service Provider with the relevant capabilities, expertise and technology to implement the E-Services project, smoothly. Our successful track record would strengthen our position in securing the extension of the Government concession when it expires, and would serve as a strong reference point in the future when we wish to tender for prospective projects in a similar capacity.

Through the provision of services under the E-Services project, our Group has also built the existing infrastructure including E-Service Centres and leased lines with the Government. Such features will act as a barrier to entry for potential entrants as the capital investment of developing and constructing the infrastructure is substantial.

Meanwhile, to reduce dependency on revenue contribution derived from the operations under the concession agreement, namely the provision of electronic driver licensing services and ancillary services, we have increased and will continue to diversify the breadth of our services. We have identified several Government regulated commercial projects which will diversify our Group's revenue base, primarily our E-Cover Note services which are already in operations, and also the E-Insurance Intermediary services which we intend to offer to our clients by FYE 2007.

3.4 Acceptance of the E-Government Applications

The E-Government and E-Services applications cater to the citizens, hence, it is crucial that the projects capture the users' confidence in continuously accessing such services. The public will not view the project as a success unless the information is sufficient, accurate, up-to-date and secure. Also, due to the computerisation of E-Government applications, E-Services may displace certain occupations such as insurance agents and intermediaries. As such, affected parties may lobby against the introduction of E-Services.

We mitigate the above risks by updating the information posted on our portal on real time basis, providing links to the respective Government agencies and guaranteeing the security of our site. Measures taken to secure our site include adopting firewalls and compliance to Secure Sockets Layer certification that creates a secured connection between the citizens, Government and our server, over which any amount of data can be sent securely. Besides that, we will also endeavour to educate the public and business community on the greater efficiencies and conveniences afforded by the E-Government applications.

3.5 Seasonality Factor

Our JPJ-related revenue under the Government concession is subject to seasonality. The demand for new driving licences generally increases in the first half of the year due mainly to the long school holidays after the Government exams, where most 16-20 year olds would obtain their driving licences between the months of January to June. Therefore, JPJ-related revenue in the first half of the year (January – June) has historically been approximately 50% higher than the JPJ-related revenue recorded for the second half of the year (July – December). For FYE 30 June 2006, JPJ-related revenue generated from January 2006 to June 2006 accounted for approximately 53% of our annual revenue.

We are endeavouring to mitigate the revenue fluctuation through the diversification of our product offerings with the launch of other services, such as those services under JIM, PDRM, TNB and TELEKOM whereby revenue contribution from these agencies is not materially affected by seasonality, and commercial services with the introduction of the E-Cover Notes. This will, to a certain extent, cushion the impact of seasonality on our revenue from JPJ-related services.

3.6 Delays in our R&D Programmes

We have on-going R&D programmes with the purpose of developing products and services that meet the dynamic requirements and expectations of the market. There can, however, be no assurance that these R&D programmes can be successfully completed on time so as to enable the rollout of new or enhanced products and services on a timely basis with regards to market requirements and expectations. Additionally, the launches of our new services are, to some extent, dependent on the Government's decision to introduce any new E-Services under the existing concession and the expected pace in which nationwide implementation of such new E-Services shall be achieved.

However, we believe that our current range of products and services are stable and have been well-accepted by our customers, and as such the effects of any material delay in the roll-out of new or enhanced products is mitigated by continued availability of our existing range of products and services.

3.7 Technological Risks

The electronic services market and information technology industry is subject to rapid technological changes. Our ability to keep pace with these technological changes such as changing market trends, and evolving industry standards, and to remain technologically competitive will influence our revenue and profits. Our future success is dependent on our ability to enhance our products in a timely manner to respond to this changing environment.

Even though we are active in R&D of new products, services and technologies, there is no assurance that our R&D efforts will lead to the successful introduction of new and improved products and services. We may encounter delays or problems in connection with our R&D efforts. Delays or deficiencies in development, failure to anticipate and adapt to developing market trends could have a negative effect on our business, operating results or financial condition.

Nevertheless, we are actively continuing with our on-going R&D programme to mitigate the effects of rapid technological changes in the ICT industry. We have budgeted an annual R&D expenditure of approximately 2% - 6% of our annual consolidated revenue up to FYE 2010 for our R&D activities.

3.8 Possibility of Intellectual Property Infringement

The infringement of copyright and illegal copying of proprietary software can be deemed as a major constraint impacting the proprietary software industry. In order to protect its intellectual property rights, it relies on a combination of trade mark and copyright protection. Our success is dependent upon our ability to protect our proprietary technology. However, there is no assurance that we will be able to protect or effectively enforce our proprietary rights against unauthorised third party copying, using or exploiting our software.

To mitigate the risks of intellectual property infringement, we procured all our employees to sign agreements, which will effectively limit the possibility of direct copying of our application products (for a limited period) by employees who have resigned. Also, we had on 6 April 2005 submitted applications to the Intellectual Property Corporation of Malaysia for the registration of trade marks in relation to MYEG™ which is pending the issuance of the Certificate of Registration Trade Mark. We also enjoy copyright protection for our entire line of software solutions under the general category of literary work pursuant to the Copyright Act, 1987.

3.9 Security Risks and Systems Interruptions

We operate in an environment where our operations are exposed to risks of computer viruses, industrial espionage, theft, hacking and fraud. Security breaches on our software may lead to unexpected capital expenditure and cause a loss in revenue and reputation. Our products are designed to facilitate the E-Services project under the E-Government programme, which involves the provision of personal and confidential particulars such as credit card details, identification card number, and other personal information over the Internet. As a result, the integrity of the security of our software solution is vital to ensure market acceptance and continuous support of our products. Our product may be vulnerable to unauthorised use or other improper activity that could jeopardise the security of information. Problems caused by security breaches could result in loss of or delay in revenue, loss of market share, failure to achieve market acceptance, diversion of R&D resources, harm to our reputation, customer claims, increased insurance costs and other related costs, legal suits and warranty costs.

Nevertheless, we are undertaking reasonable efforts to minimise potential security breaches by the use of appropriate security systems and firewalls, and all other necessary steps to minimise the risk of any potential security breaches. In addition, our valuable data is stored with back up on a regular basis to mitigate against system disruptions. To date, there has not been any material disruption or damage to our computer systems.

3.10 Risks Associated with Rented Premises

As disclosed in Section 4.4.16 of this Prospectus, we currently run our business operations on leased premises. Therefore, our business, operating results and growth prospects may be affected if we were to experience sudden simultaneous termination of tenancy agreements or if we are unable to reach acceptable agreements regarding the renewal of the lease at the end of the lease term, particularly for branches with high business turnover.

Moreover, as disclosed in Section 8 of this Prospectus, our E-Service Centre situated in Tapah does not comply with applicable zoning and land use regulations, and has not been issued with certificate of fitness for occupation. An irregularity in the tenancy of our E-Service Centre in Kuantan has also been discovered. Our Directors have decided to relocate such E-Service Centres to another location in the same vicinity in the event the infringements/irregularities cannot be resolved with the specific timeframe given. Additionally, our Directors have taken the initiative to look for alternative sites to rent during this period pending the necessary approvals to rectify the infringements/irregularities. This will provide us with sufficient time to source for new premises, should we be required to relocate.

Our Directors do not expect our business operations to be materially affected since the E-Service Centres indicated above are not high business turnover units and they, collectively, contributed less than 5% to our consolidated revenue for the FYE 30 June 2006. Save for the aforementioned E-Service Centres, our Directors are not aware of any breach or infringements which may require us to relocate any of our other E-Service Centres.

Shifting our operations or closing down one or more E-Service Centres in the future could entail significant one-time earnings charges to account for severance, write-downs and moving expenses. There is also a ramp-up period of time before we expect a new E-Service Centre to achieve our targeted level of performance due to additional start-up operating costs and other temporary inefficiences. In mitigation of these risks and in order to minimise business disruptions, our Group has put in place the following risk management practices:

(i) prior to entering into tenancy agreements, the proposed contractual provisions of the tenancy agreement shall be carefully reviewed by our business legal counsel;

(ii) establishing and enforcing an internal assessment to ensure all properties rented / to be rented by our Group comply with the relevant law, rules and building regulations; and

(iii) as a contingency plan, we will re-evaluate the lease terms of existing tenancy agreements with the respective landlords three (3) months prior to the expiry of the agreements so as to provide us sufficient time to source for alternative locations should we be unable to reach acceptable agreement regarding the renewal of the lease with the landlord.

In future, prior to entering into tenancy agreements, we will carry out the abovementioned procedures to minimise the possibility that the premises to be rented are in breach or infringe any relevant land and building rules and regulations.

3.11 Inadequate Insurance Coverage

We are aware of the unfavorable consequences arising from inadequate insurance coverage that could impair our business operations. In ensuring that such risks are minimised, we review and ensure adequate coverage for our assets on a continuous basis. At present, our Directors are of the opinion that we are adequately insured against unforeseen events such as fire and lightning, malicious damage, theft and burglary. Although we have taken the necessary steps to mitigate the risk of fire hazards and insure our assets adequately, there can be no assurance that the insurance coverage would be adequate for the replacement cost of our assets or any resulting loss arising from the damage or loss of our assets.

3.12 High Development Cost and Sunk Cost

Software development is characterised by substantial economies of scale. The fixed costs of developing software, including applications, are high. By contrast, marginal costs are low. Moreover, the costs of developing software are "sunk" - once expended to develop software, resources so devoted cannot be used for another purpose. The result of economies of scale and sunk costs is that marginal investments in operating cost are minimal. In this respect, the more competitive the environment, the more difficult it would be to enjoy economies of scale in the short-term. A player in the E-Services industry has to have quite a substantial degree of working capital and capital expenditure to sustain itself in the competitive environment before the path of profitability starts to flow in.

In this regard, our Directors believe that we have established a reputation as a reliable and quality Service Provider in the E-Services market in respect of the E-Government Initiative. Considering that the E-Government industry is a niche market and competition is moderate, we have been able to maintain our position as a major player in the industry by achieving economies of scale. However, no assurance can be given that high development costs sunk into the development of future application products will not materially affect our business or financial condition, should we encounter delays in or deficiencies during the launch of our new applications or services.

3.13 Dependence on Key Personnel and Skilled Professionals

Our continued success depends to a certain extent upon the abilities and continued efforts of our existing Directors, key management and technical personnel. The collective loss of a number of our Executive Directors and members of the key management and technical personnel could negatively affect our Group's continued ability to manage the operations effectively and competitively.

ICT is a K-based industry which requires a number of skilled, professional and knowledge workers with a high level of competence and skill. In the software development industry, knowledge workers such as programmers, software engineers, system architects, content developers are in short supply, especially those with sufficient experience in the design and development of stable, reliable and robust systems. If we are unable to retain our skilled workers, staff replacement costs as well as associated opportunity cost will be considerable.

Our Directors recognise the importance of our Group's ability to attract and retain its key personnel. We have in place a human resource strategy, which includes a suitable compensation package and a human resource training and development programme for all supporting employees in all key functions of our Group's operation. We have also made continuous efforts to strategically develop a dynamic and strong management team and groom our personnel in assisting senior key personnel to operate and manage our activities. However, there can be no assurance that the above measures will be successful in retaining key personnel or ensuring a smooth transition should changes occur.

3.14 Change in MSC Status

We were awarded MSC status on 16 August 2000, which grants us financial and non-financial incentives. At present, these incentives include:

(i) a five (5)-year exemption from Malaysian income tax (only on income derived from MSC-related activities) commencing from the date when MYEG starts generating income, renewable to ten (10) years, or a 100% investment tax allowance on new investments made in designated MSC cyber-cities, commencing from the date on which the first qualifying capital expenditure is incurred. MYEG's statutory income from pioneer activities during the pioneer period from 18 July 2001 to 17 July 2006 is tax-exempt. We have submitted an application to the MDEC in May 2006 for an extension of another five (5) years until 17 July 2011 for us to continue enjoying the said tax incentives and are currently awaiting the MDEC's approval on the application. Our Directors do not foresee that the extension will not be granted;

(ii) duty-free importation of multimedia equipment, provided that the equipment is used by the company in the operation of its business, and not for direct sale and trading or use as components in manufactured items;

(iii) R&D grants for MSC small and medium enterprises that are at least 51% Malaysian-owned; and

(iv) non-financial incentives (please refer to Section 4.6.6(iii) of this Prospectus for further details).

MDEC is the body responsible for monitoring all MSC status companies. MDEC has the right to withdraw any company's MSC status at any time. There can be no assurance that we will continue to retain our MSC status or that we will continue to enjoy, or we will not experience delays in enjoying the incentives granted to MSC status companies, all of which could materially and adversely affect our business, operating results and financial condition.

3.15 Control by Promoters

The promoters, namely AIH, AIEH, Jason Chan Ling Khee, Koh Yeow Lay and Dato' Dr Ramli Bin Haji Karim, collectively own approximately 51.09% of our issued and paid-up capital after the Public Issue. Because of the size of their shareholdings, they will be able to influence the outcome of certain transactions and matters, including the election of our Directors, by exercising the voting rights attached to their shares. They may be in a position to determine the outcome of transaction matters requiring our shareholders' approval unless they are required to abstain from voting by law and/or the relevant authorities.

With the introduction of corporate governance that requires the formation of the Audit Committee, we have appointed two (2) Independent Non-Executive Directors as a step towards good corporate governance. The above substantial shareholders would also be required to abstain from voting if there is any related-party transaction, which may pose as a conflict to the interest of our Company.

3.16 Borrowing Risks and Restrictive Covenants

As at the LPD, our Group has approximately RM0.46 million in outstanding borrowings comprising term loan and leasing facility, all of which are interest bearing. As such, any additional borrowings and/or increase in interest rates may result in an increase in interest expense and affect the profitability of our Group. There can be no assurance that the interest rates will be maintained in the future and/or that any increase in our borrowings will not have a material effect on the performance of our Group.

Our credit facilities may also be subject to periodic review by the banks or financiers and contain certain covenants which may limit our operating and financial flexibility. Any act or omission by us that breaches such covenants may give rise to rights by the banks or financiers to terminate the relevant credit facilities and/or enforce any security granted in relation to those credit facilities. This may in turn cause a cross default of other credit facility agreements. These covenants are commonly contained in credit facility agreements in Malaysia. There can be no assurance that our performance will not be adversely affected should we breach such covenants of any of our facility agreement.

We are not presently in breach of any such covenants of any credit facility granted to us and will at all times take all reasonable effort to observe such covenants.

3.17 Investment Risks

We may from time to time invest in new equipment or new ventures which we believe to be beneficial to our business or is synergistic with our current operations. Although we exercise prudence in our decision-making, there is always the potential risk that the returns from these investments may have a longer payback period than expected or the investments may fail. Although we will mitigate our investment risks by exercising due care in the evaluation of our investments, there can be no assurance that all our future investments will yield positive returns and would not have any adverse material effect on our future financial performance.

3.18 Uncertainty of the Business Development Plan

The success of our business development plan and growth strategy will be dependent upon, amongst others, our ability to develop new products by leveraging on core competencies, consistently maintaining a high standard of quality for our products and services, entering into strategic marketing arrangements on a timely basis, monitoring our business growth, hiring and retaining skilled personnel, and obtaining adequate financing when needed. There can be no assurance that we will be able to successfully implement our business development plan or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in our implementation or even deviation from our original plans. In addition, the actual results may deviate from the business development plan due to competitive pressure and external market forces beyond our control.

3.19 Profit Forecast

This Prospectus contains our consolidated profit forecast (details of which are set out in Section 9.9 of this Prospectus) which have been prepared based on various bases and assumptions that our Directors consider to be reasonable based on the prevailing market and operating conditions. These bases and assumptions are subject to uncertainties and contingencies that are often outside the control of our Group. There can be no assurance that actual results will not differ materially from the consolidated profit forecast in the event that the market and operating conditions vary from those assumed. You are deemed to have read and understood the assumptions and uncertainties underlying the consolidated profit forecast that are contained herein.

3.20 Forward-Looking Statements

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. Forward-looking statements are only predictions and include statements relating to the demand for our products and services, business strategies, plans and objectives for future operations, financial position and future earnings, cash flows and liquidity. All forward-looking statements are based on estimates and assumptions made by our Board, 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 by such forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this point in time, there can be no assurance that such expectations will prove to be correct.

3.21 No Prior Market for Our Shares

Prior to this Public Issue, there has been no public market for our Shares. The Issue Price of RM0.55 per Share was determined after taking into consideration several factors, including but not limited to, our earnings potential, our financial and operating history and conditions, our future plans and prospects and the future prospects of the industry in which we operate, the proforma consolidated NTA per Share and the prevailing market conditions. The price at which our Shares would trade on the MESDAQ Market after the Public Issue may be influenced by a number of factors, including the liquidity of the market for our Shares, changes in securities analysts' estimates of our financial results or recommendations and the perception of investors of us. Therefore, there can be no assurance that the Issue Price will correspond to the price at which our Shares will trade on Bursa Securities upon or subsequent to our listing on the MESDAQ Market, or that an active market for our Shares will develop and continue upon or subsequent to our listing. The price at which our Shares will be traded may be higher or lower than the Issue Price.

3.22 Delay or Failure to List

The occurrence of any one (1) or more of the following events may cause a delay in or abortion of our Listing:

(i) the Underwriter exercising its rights under the Underwriting Agreement and discharges itself from its obligations thereunder;

(ii) the identified investors fail to subscribe for the portion of the Public Issue Shares to be placed to them under the private placement; and

(iii) we are unable to meet the public spread requirement, that is, at least 25% of our entire enlarged issued and paid-up share capital must be held by a minimum of 1,000 public shareholders holding not less than 100 MYEG Shares.

Although our Directors will endeavour to ensure compliance by our Company of the various listing requirements, including, inter-alia, the public spread requirement imposed by Bursa Securities for our successful listing, no assurance can be given that the abovementioned events will not occur and cause a delay in or abortion of our Listing.

4. INFORMATION ON OUR GROUP

4.1 History and Business

Our Company was incorporated in Malaysia as a private limited company under the Act on 17 February 2000 as I.T. Marvel Sdn Bhd. We commenced operations on 1 March 2000 and subsequently changed our name to My E.G. Dot Com Sdn Bhd on 20 March 2000 before assuming the name, My E.G. Services Sdn Bhd, on 13 October 2001. We converted to a public limited company on 13 April 2005 as an integral part of our listing exercise.

On 23 May 2000, we entered into a concession agreement with the Government for the electronic delivery of driver and vehicle registration, licensing and summons services, utility bill payments and Ministry of Health online information system for a minimum tenure of 15 years. Within the same year, we signed a service level agreement with PDX.com Sdn Bhd, the Gateway Provider for the same services. We also entered into an acquiring bank agreement with RHB Bank Berhad as the acquiring bank in May 2000 to facilitate online payment transactions of our services. On 16 August 2000, our Company was awarded MSC status which enables us to enjoy tax-free incentives for five (5) years with a renewable to ten (10) years feature, and the opportunity to leverage on the MSC infrastructure. The tax-free period commenced on 18 July 2001. We have submitted an application to the MDEC in May 2006 for an extension of another five (5) years until 17 July 2011 for us to continue enjoying the said tax incentives and are currently awaiting the MDEC's approval on the application.

In November 2001, we launched our JPJ online driving theory test service. Our first E-Service Centre in Malaysia was established in Kuala Lumpur, followed by Selangor. We proceeded to expand our operations to undertake more Government projects, following our appointment on 20 April 2001 by PDRM as their Service Provider for the electronic delivery of its services. We started to develop software application for the electronic delivery of PDRM summons and information services in April 2002. In May 2002, we commenced the development of software application for the electronic delivery of DBKL's compound, licensing, assessment and information services. The PDRM services were made available to the masses in January 2003, while the DBKL services were subsequently launched in March 2005.

On 28 January 2003, we formalised our arrangement with PDRM following the execution of a 15-year concession agreement for the electronic delivery of summons and information services of PDRM.

In February 2003, we launched the issuance of LDL. The first kiosk was located in Kelana Jaya, Selangor. Following that, we launched our online payment of PDRM summons in April 2003. In November 2004, we expanded our target market to East Malaysia with the establishment of our first East Malaysian E-Service Centre in Sarawak.

On 19 September 2005, we were effectively appointed by JIM to carry out the delivery of online transactional services of JIM. Development of software application for the delivery of JIM's online services commenced in May 2005, and was subsequently commercialised in September 2005.

In addition to providing E-Services to DBKL, JIM, JPJ and PDRM, we also extend our E-Services to other Service Suppliers such as TELEKOM and TNB. The scope of services provided to TELEKOM and TNB are essentially for electronic bill presentment and payment. Citizens are able to access their electric and telephone bills using Internet delivery channels provided by us. The advantage offered by these channels over conventional over-the-counter services is that these bills can first be called upon and verified, before the bills are paid using credit card or GMPC/PMPC.

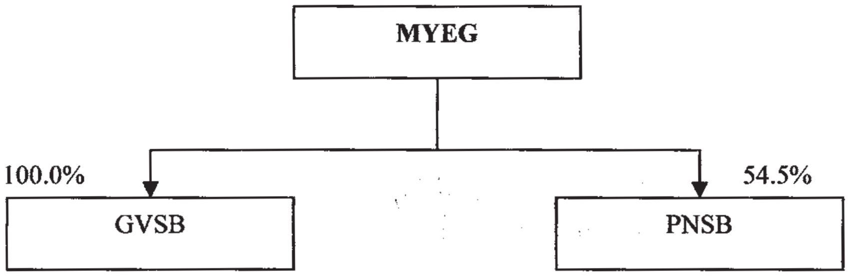
GVSB, our wholly-owned subsidiary, commenced operations on 1 January 2004. GVSB is principally involved in the provision of software solutions and maintenance services. GVSB's business is complementary to our existing activities as GVSB develops innovative solutions for the automotive industry focusing on informative and transactional services. In addition, GVSB also provides software solutions to assist in the integration of the operating system of its clients with third-party software.

PNSB, our other subsidiary, commenced operations on 1 January 2005, and is principally involved in the provision of E-Insurance solutions and other insurance-related services. PNSB currently provides electronic computer linkages, through its software applications and Internet technologies, between insurance companies and JPJ on the issuance of E-Cover Notes.

A summary information and percentage interest held in our subsidiaries are as follows:

Subsidiaries	**Date / Country of incorporation**	**% effective equity interest**	**Issued & paid-up capital RM**	**Principal activities**
GVSB	28.10.2002 /Malaysia	100.0	2	Provision of software solutions and maintenance services
PNSB	03.01.2000 /Malaysia	54.5	99	Provision of E-Insurance solutions and other insurance-related services

Our Group's corporate structure is depicted as follows:



Our mission is to be a one-stop centre for the Malaysian public and business community with the provision of a channel for interacting with federal, state and local authorities through vertically-integrated information services, marketing and online bill-payment processing services.

Our Group's vision is to be a high value added provider of globally competitive IT services. In order to realise our vision, our Directors and management strongly believe that we have to expand our business activities through appropriate and effective strategies to steer us towards the right direction in the IT industry. The strategies to be adopted by us are to optimise our current technology capabilities, retain employees' and stakeholders' confidence and increase revenue growth through market expansion, product expansion and improvement in process and technology upgrade along the value chain.

4.2 Share Capital

Our present authorised share capital is RM25,000,000 comprising 250,000,000 Shares. Our issued and paid-up share capital is RM10,075,000 comprising 100,750,000 Shares as at the LPD. The changes in our issued and paid-up share capital since our incorporation are as follows:

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Cumulative issued and paid-up capital RM
17.02.2000	2	1.00	Subscribers' shares – cash	2
02.08.2000	999,998	1.00	Cash	1,000,000
07.01.2002	800,000	1.00	Cash	1,800,000
28.01.2002	2,800,000	1.00	Cash (RM200,000) and Otherwise than cash (RM2,600,000)	4,600,000
12.11.2002	400,000	1.00	Cash	5,000,000
01.04.2004	50,000,000	0.10	Sub-division of shares on the basis of one (1) ordinary share of RM1.00 each into ten (10) ordinary shares of RM0.10 per Share	5,000,000
26.04.2004	3,500,000	0.10	Cash	5,350,000
10.07.2004	413,000	0.10	Cash	5,391,300
11.07.2004	15,000,000	0.10	Otherwise than cash	6,891,300
11.08.2004	1,837,000	0.10	Cash	7,075,000
02.09.2004	10,000,000	0.10	Otherwise than cash	8,075,000
20.11.2004	20,000,000	0.10	Otherwise than cash (Acquisition of GVSB)	10,075,000

Our issued and paid-up share capital would subsequently be increased to RM12,625,000 comprising 126,250,000 Shares by way of Public Issue of 25,500,000 Public Issue Shares at an issue price of RM0.55 per Share.

4.3 Listing Scheme

Our listing scheme was approved by the SC vide its letters dated 26 January 2006, 27 April 2006, 28 July 2006, 12 September 2006 and 29 September 2006. In addition, Bursa Securities had, vide its letter dated 1 November 2006, granted its approval in-principal for our Listing.

Our listing scheme entails the following:

(i) Public Issue

In conjunction with our listing on the MESDAQ Market, we will implement a public issue of 25,500,000 new MYEG Shares at the issue price of RM0.55 per Share. Upon completion of the Public Issue, our issued and paid-up share capital will be increased from RM10,075,000 to RM12,625,000.

The Public Issue Shares shall rank equally in all respects with our existing Shares in issue, including voting rights and rights to all dividends and/or distributions that may be declared, paid or made subsequent to the date of this Prospectus.

(ii) **Listing**

Thereafter, we will seek 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 RM12,625,000 comprising 126,250,000 MYEG Shares on the MESDAQ Market.

4.4 Business Overview

4.4.1 Principal Activities

We are principally involved in the E-Government Initiative, providing E-Services to the Malaysian community, a strategic component in the building of the Government's technology vision for Malaysia. The overall E-Government Initiative focuses on allowing citizens to access their personal data held by various Service Suppliers via the Internet and other electronic means. Citizens are able to retrieve information and perform transactions with these Service Suppliers in a convenient and timely manner by utilising our services which comprises GES and G2C respectively.

4.4.2 Principal Products and Services

Our Group's application products and services are principally categorised into 2 business divisions, G2C and GES:

(i) **G2C – Government to Citizen**

G2C services refer to services that are available over the Internet and through our Group's kiosks. Presently, our main focus is on Malaysian users due to the nature of services currently available. Services available within G2C are bookings, issuance and renewal of licences, electronic bill presentment and payment (EBPP) as well as online information services.

We developed the G2C portal to provide a one-stop portal for Government-related E-Services. Users are able to find information and services in user-centric packages integrating public services across different Service Suppliers. We intend to build a leading E-Government portal that delivers convenience and benefits to users.

The current functions of our G2C portal are as follows:

- Enable users to search for and access information from various Service Suppliers such as DBKL, JIM, JPJ, PDRM, TNB and TELEKOM; and
- Enable users to conduct online real-time transactions with Service Suppliers such as booking for the driving theory test, application of LDL and payment of bills, with Service Suppliers.

The following are services offered under our G2C business division:

(a) ***Driving Theory Test Booking***

Test booking refers to the bookings for driving theory tests made by candidates for a preferred time slot at their preferred E-Service Centre location. Candidates who need to obtain their driving licences are required to take their driving theory test at one of our E-Service Centres or other JPJ approved test centres. However, candidates are able to make online bookings via the Internet for a preferred time slot to take the driving theory test at their preferred location with any of our E-Service Centres located nationwide.

(b) ***Issuance and Renewal of Licences***

- ***LDL – Learners' Driving Licence***

  Upon passing the driving theory test, JPJ will issue LDLs to candidates for the purpose of attending the practical driving course conducted by driving institutes or driving schools. LDL is applied through the Internet and can be printed out through our kiosk with the assistance of our employees.

- ***Renewal of Trader's Licences & Permits***

  Together with DBKL, we developed the electronic renewal of trader's licence and permits services. We enable citizens to make payments and submit applications to DBKL through its various electronic channels. This was implemented in Kuala Lumpur initially and will be extended to other local municipal offices in the whole country.

  DBKL services can be classified into the following four categories:

  ➢ DBKL Assessment Payment and Information Services;
  ➢ DBKL Compound Payment and Information Services;
  ➢ DBKL Business Premise Advertising and Sign Board Application; and
  ➢ Payment Status.

  With the establishment of DBKL services, citizens are able to make payment to the above-mentioned services online via electronic means. In addition, citizens are also able to request for and obtain general and personal information relating to each of the services.

(c) ***Electronic Bill Presentment & Payment***

- ***E-Payment of Utility Bills***

  The scope of services provided to TELEKOM and TNB is essentially for bill presentment and payment where citizens are able to access their electric and telephone bills through the Internet. The advantages provided by these channels over conventional over-the-counter services are:

  ➢ Bills can first be called upon and verified, before payment is made conveniently using credit cards or GMPC/PMPC;
  ➢ Citizens who lose their bills can easily retrieve their account information simply by keying in their name and account number;
  ➢ The latest available bill and all transaction history can be made available conveniently online; and
  ➢ Our bill presentment and payment is user friendly.

(d) Online Transactional Services

We envision that the range of Internet-based services available on our G2C portal will expand in pace with the Government's adoption of E-Services. As Internet-based services are borderless in nature, we foresee the provision of our G2C services to expand internationally.

The scope of the E-Services project is far broader than the DBKL, JIM, JPJ, PDRM, TNB and TELEKOM services presently offered. The project will eventually be extended to deliver other Government services electronically to the Malaysian community under a single Internet/ electronic platform. It is the Government's intention to consolidate its various services to the public under a one-stop portal for better recognition, administration and efficiency of services. The online transactional service presently available is:

- ***Summons Checking***

  Under E-Services, PDRM allows citizens to check, verify and pay for traffic summons through our E-Services portal. This is expected to improve summons collection for PDRM as traffic offenders generally are not aware that they have been issued summonses as well as the relatively few avenues to pay these summonses. This service was launched in January 2003.

- ***E-Insolvency***

  This is an online service which allows electronic bankruptcy or liquidation status searches. This service is available through our website and kiosk, and does not necessitate the presence of any individual at JIM's offices to conduct a search of the database. Payments for our online service may be made in cash or via the provision of a valid credit card number or a pre-paid account.

  The apparent benefits of E-Insolvency are:

  - Immediate official search results compared to a 3 to 4 weeks waiting period previously;
  - No additional charges for the issuance of an official "Certificate Original Copy" from JIM; and
  - User-friendly, cheaper and convenient, as the cost and time associated with travelling to JIM's offices to submit search applications are eliminated.

(ii) GES - Government/Enterprise Solution

GES refers to non-Internet based services which include services and products such as provision of software and enterprise solutions, system development and maintenance as well as services rendered at our E-Service Centres. The provision of services at our E-Service Centres encompasses all aspects of the driving theory test under the driver's licensing course, from digital imaging for security, purchase of test cards to test takings. These services are non-Internet based and as such, cannot be transacted by citizens independently.

Our GES services are currently focused on the Malaysian market. Our GES services offer scalable and easy-to-manage programming solutions, which encompass software development and software customisation of our proprietary application.

The following are products and services offered under our GES business division:

(a) Software Solutions and Maintenance Services

- ***Software Customisation***

  Software customisation refers to customised versions of our existing proprietary solutions and applications mainly targeted at SMEs. Our strength lies in our ability to customise different modules and applications to suit the needs of our enterprise clients.

  Our aim is to develop innovative solutions focusing on informative and transactional services. We intend to build a portfolio of software building blocks that allows rapid configuration of application to address the challenges faced by Service Suppliers, such as to streamline Government processes, to develop applications that can deliver data through multiple channels, to facilitate higher transparency and to automate the Government regulated processes.

- ***Maintenance Services***

  We consider customer support and satisfaction as top priorities as they form a vital part of our core areas of excellence. Besides undertaking the E-Government Initiative, we provide support services to our clients as part of our maintenance programme. This is done via our subsidiary, GVSB. Our trained support consultants and staff work hand-in-hand with customers to troubleshoot existing problems faced by customers on and off site.

- ***Software Solution – PDX Premium OdysseyAGENT***

  PDX Premium OdysseyAGENT (or OdysseyAGENT) is a custom-designed software solution which is targeted at insurance intermediaries. PDX Premium OdysseyAGENT offers the following advantages:

  - Allows intermediaries to conduct sales transactions in an advanced online computerised environment;
  - Delivers information from the insurer's core system in a user-friendly GUI application to support improved access and process; and
  - Utilises productivity tools to monitor status of quotations given and proposals received, which facilitates the process cycle and production reporting.

  OdysseyAGENT enables its users to monitor their daily operations which include client management, quotation/proposals, cover notes & certificates issuance, underwritings and document processing:

Client Management

OdysseyAGENT maintains all details of the client in a central database – ensuring up-to-date information about the individual client's policies, claims experience and payment details. The intermediary can analyse his client's portfolio profitability easily via queries and reports.

Quotations/Proposals

OdysseyAGENT supports a browser-based user interface to handle client information through the complete cycle – from quotation to proposal to actual policy insured status. The quotation/proposal facility contains automated premium rating and document issuance. The intermediary may produce quotation documents, retrieve and change proposal details before submitting to the back-office for underwriting.

The Quotation/Proposal system is able to handle packaged policy types – combined classes products, which was designed to cater for personal lines of business.

For motor class, the system caters for the points rating mechanism in addition to traditional tariff structures.

The current version of the quotation/proposal module covers product classes like Motor, Fire and General Accident.

Cover Notes & Certificates Issuance

OdysseyAGENT has an integrated, browser based online cover notes system that enables the insurance intermediary to issue cover notes and certificates of insurance. Subject to tight system control, the issuance of cover notes and certificates of insurance are driven by user-defined parameters.

The system provides key controls such as:

- Sum insured limits authorisation
- Permitted vehicle makes
- Fraud vehicle checks
- Float limits per branch and intermediary

The current version of the cover notes and certificates module covers product classes like Motor, Marine Cargo, Personal Accident, Fire and General Accident.

Underwriting	OdysseyAGENT provides a comprehensive policy administration system for all types of general insurance including package policies. The intermediary can easily issue policies, make endorsements and process policy renewals.
Documents Processing	OdysseyAGENT automatically prints all essential documentation required in the day-to-day operations, from standard letters, quotations, cover notes, policies, endorsements and renewal notices. There are various means of such production – from standard print programs to user-definable document formats that support pre-signature.

(b) ***Test Taking and Ancillary Services***

- ***Test Taking***

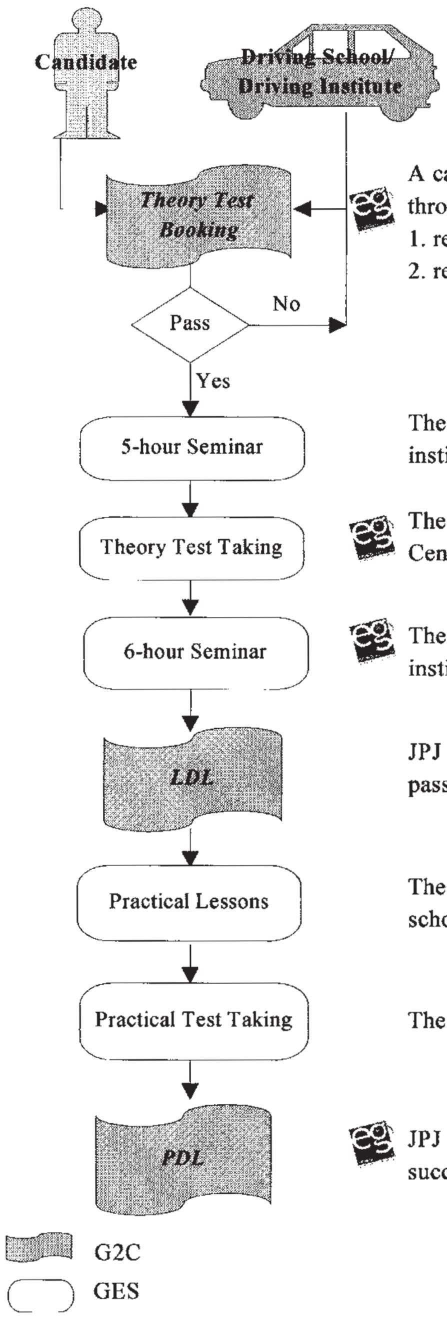
As part of the concession to digitise the driver's licensing course, we have developed applications for the electronic theory test taking segment of the driver's licensing course. Test taking refers to the act of the students who must be physically present at one of our E-Service Centres located nationwide to sit for the driving theory test via computer terminals. Candidates must register themselves online before sitting for the driving theory test. For the convenience of the students, JPJ test cards are provided in all our E-Service Centres.

This process is protected by several levels of security including verification of the identity of students, secured location for test taking and physical processing of the test results. Confidential data will not be stored in our external database servers to avoid compromising data security.

- ***Security Digital Imaging***

Security digital image refers to the digital photos taken for every candidate who sits for the driving theory test at our E-Service Centres. For security purposes, this image is encrypted at 128-bit, uploaded and stored on secured servers. Security digital imaging also acts as an added security for the LDL printed by us. The security digital image is also used throughout the complete process of the driving licence application such as the issuance of the probationary driving licence and confirmed driving licence. It also functions as an additional security feature to minimise the possibility of fraud.

Our involvement in the JPJ driving licence application is shown in the following diagram:



A candidate who wishes to obtain a driving licence can go through the following two channels:
1. register with driving institute/ driving school
2. register online

The candidate has to attend a 5-hour seminar conducted by driving institute before they sit for theory test.

The candidate sits for driving theory test at one of the E-Service Centres located nationwide.

The candidate attends another 6-hour seminar conducted by driving institute.

JPJ will issue Learner's Driving License to the candidate who passes the driving theory test.

The candidate undergoes pratical driving lessons with a driving school's instructor (minimum 10 lessons).

The candidate sits for practical test.

JPJ issues Probationary Driving License to the candidate who successfully passes the driving theory and practical tests.

(c) ***Transmission of Vehicle Insurance Data***

- ***E-Cover Notes***

In order to minimise the forgery of insurance cover notes, the Government has launched the E-Cover Note project on 5 October 2004. This project requires all insurance companies to sign up with an "appointed" Service Provider, whereby upon underwriting the insurance purchased by the motorist, details of the insurance policy will be updated online and real time to JPJ's server via the Service Provider. This appointment takes effect as long as the Service Providers do not breach any of the terms of appointment.

E-Cover Note is a digitised/soft copy of the motor insurance cover note which is recognised by JPJ for the renewal or issuance of the road tax disc with effect from 1 January 2005. Upon renewal of one's motor insurance, the insurers will transmit an E-Cover Note electronically to JPJ while a confirmation slip will be issued to the payer as proof of purchase.

Under a new directive from JPJ, motorists no longer need to produce their physical insurance cover notes for any motor vehicle transactions, such as the renewal of their road tax. JPJ will be able to check details of the motorists' vehicle insurance coverage through their computer system, which would be linked to insurance companies.

PNSB, one of our subsidiaries, has been appointed by PDX.com Sdn Bhd as an intermediary to facilitate the E-Cover Notes link-up between insurance companies and JPJ through its software applications and Internet technologies. Under the E-Cover Notes project, PNSB will provide electronic computer linkages on the issuance of E-Cover Notes. This project aims to enhance service efficiency and productivity. At the same time, it would also be convenient for motor insurance policyholders to register or renew their vehicle insurance.

(d) ***Ancillary Services for E-Insolvency***

- ***E-Fulfilment***

With our E-Fulfilment service, customers using our E-Insolvency service no longer need to go to JIM's offices to collect the official "Certificate Original Copy" of the search results. When an individual uses our E-Insolvency service, he will only need to indicate to us whether he wants to use our E-Fulfilment service and state the address where the certificate should be delivered. We will then collect the certificate from JIM and deliver it to the address provided. The delivery service is only limited within the country. As with our E-Insolvency service, payments for the E-Fulfilment service may be made in cash or via the provision of a valid credit card number or a pre-paid account. Users can track the status of their certificate by calling our helpdesk, as every search request is electronically recorded and monitored.