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CENTURY SOFTWARE HOLDINGS BERHAD

(Company No.: 828269-A)
(Incorporated in Malaysia under the Companies Act, 1965)

C-17-07, Level 7, Block C, 3 Two Square, 2 Jalan 19/1,
46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia

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PROSPECTUS

THIS PROSPECTUS IS DATED 12 JANUARY 2011

CENTURY SOFTWARE HOLDINGS BERHAD

(Company No.: 828269-A)
(Incorporated in Malaysia under the Companies Act, 1965)

CENTURY SOFTWARE HOLDINGS BERHAD

PROSPECTUS

(A) PUBLIC ISSUE OF 23,000,000 NEW ORDINARY SHARES OF RM0.10 EACH ("SHARES") AT AN ISSUE PRICE OF RM0.93 PER SHARE PAYABLE IN FULL ON APPLICATION COMPRISING:

- 5,800,000 SHARES AVAILABLE FOR APPLICATION BY ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF CENTURY SOFTWARE HOLDINGS BERHAD AND ITS SUBSIDIARY COMPANIES;
- 8,550,000 SHARES FOR PRIVATE PLACEMENT TO SELECTED INVESTORS;
- 8,650,000 SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC; AND

(B) OFFER FOR SALE OF 10,931,200 SHARES AT AN OFFER PRICE OF RM0.93 PER SHARE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

Adviser, Underwriter & Placement Agent



KENANGA INVESTMENT BANK BERHAD
Company No. 15678-H

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS.
IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER.
TURN TO SECTION 4 FOR "RISK FACTORS"

IMPORTANT NOTICE

RESPONSIBILITY STATEMENTS

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

Kenanga Investment Bank Berhad, being the Adviser, Underwriter and Placement Agent for our IPO (as defined in this Prospectus), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our Public Issue (as defined in this Prospectus) and the Offer for Sale (as defined in this Prospectus).

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia (“SC”) has approved our IPO. The approval and registration of this Prospectus should not be taken to indicate that the SC recommends the IPO or assumes the responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

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

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE IPO AND AN INVESTMENT IN US. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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

The acceptance of applications for the securities being issued / offered is conditional upon permission being granted by Bursa Securities for the listing of and quotation for the securities being issued / offered on the Official List of Bursa Securities. If the permission is not granted within six (6) weeks from the date of this Prospectus (or such longer period as may be specified by the SC), provided that our Company is notified by Bursa Securities within the aforesaid timeframe, all monies paid in respect of any application accepted will be returned in full, without interest to the applicants, at the applicants’ own risk. If any such monies are not returned within fourteen (14) days after our Company and the Offerors became liable to repay it, the provision of sub-section 243(2) of the *Capital Markets and Services Act 2007* shall apply.

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

IMPORTANT NOTICE (cont'd)

OTHER STATEMENTS

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through sections 248, 249 and 357 of the *Capital Markets & Services Act 2007*.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in section 236 of the *Capital Markets & Services Act 2007*, e.g. directors and advisers, are responsible. This Prospectus can also be viewed or downloaded from the Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You may also obtain a copy of the Electronic Prospectus from the website of CIMB Investment Bank Berhad at www.eipocimb.com, the website of CIMB Bank Berhad at www.cimbclicks.com.my, the website of Malayan Banking Berhad at www.maybank2u.com.my, the website of RHB Bank Berhad at www.rhbbank.com.my and the website of Affin Bank Berhad at www.affinOnline.com via hyperlink to the website of Bursa Securities.

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

If you are in doubt about the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Adviser or Issuing House, a paper printed copy of this Prospectus. In the event of any discrepancy arising between the contents of the Electronic Prospectus and the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus, which is identical to the copy of the Prospectus registered with the SC, shall prevail. The Electronic Prospectus submitted to the SC and Bursa Securities is the same as the registered paper printed copy.

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

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

IMPORTANT NOTICE (cont'd)

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

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

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

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

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

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

Further, it shall also be your sole responsibility to ensure that your application for the IPO would be in compliance with the terms of the IPO and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted the IPO in Malaysia and will at all applicable time be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

We will not take any action to ensure that this Prospectus complies with the laws of any countries or jurisdiction other than the laws of Malaysia. It is your sole responsibility to consult your legal and/or other professional advisers on the applicable laws that you are or might be subjected to. Neither we nor our Adviser will accept any responsibility or liability if your application becomes illegal, unenforceable, voidable or void in any country or jurisdiction.

IMPORTANT DATES

The indicative timing of events leading to the listing of and quotation for our Company's entire enlarged issued and paid-up share capital on the Main Market is set out below:-

Event	Tentative Date
Opening of Application for the Public Issue	12 January 2011
Closing of Application for the Public Issue	19 January 2011
Balloting Date	24 January 2011
Despatch of Notices of Allotment of the IPO Shares to successful applicants	28 January 2011
Listing of our Company's entire enlarged issued and paid-up share capital on the Main Market	31 January 2011

SAVE FOR THE OPENING DATE OF THE APPLICATION FOR THE PUBLIC ISSUE SHARES, THESE DATES ARE TENTATIVE AND ARE SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES.

APPLICATIONS WILL BE ACCEPTED FROM 10:00 A.M. ON 12 JANUARY 2011 AND WILL REMAIN OPEN UNTIL 5:00 P.M. ON 19 JANUARY 2011 OR SUCH LATER DATE OUR BOARD OF DIRECTORS AND KENANGA AT THEIR ABSOLUTE DISCRETION MAY JOINTLY DECIDE.

SHOULD THE DATE OF CLOSING OF APPLICATION FOR THE PUBLIC ISSUE SHARES BE EXTENDED, THE DATES FOR DESPATCH OF NOTICES OF ALLOTMENT OF THE PUBLIC ISSUE SHARES TO SUCCESSFUL APPLICANTS AND LISTING OF OUR ENTIRE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL ON THE MAIN MARKET WILL BE EXTENDED ACCORDINGLY. IN THE EVENT THE DATE OF THE CLOSING OF APPLICATION FOR THE PUBLIC ISSUE SHARES IS EXTENDED, THE PUBLIC WILL BE NOTIFIED OF SUCH EXTENSION BY WAY OF ADVERTISEMENTS PLACED IN WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA NEWSPAPERS.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” and “CSHB” in this Prospectus are to Century Software Holdings Berhad (828269-A), references to “our Group” are to our Company and our consolidated subsidiaries and references to “we”, “us”, “our” and “ourselves” are to our Company, and save where the context otherwise requires, and our consolidated subsidiaries. Unless the context otherwise requires, references to “Management” are to our executive Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to dates and times are references to dates and times in Malaysia.

In this Prospectus, references to the “Government” are to the Government of Malaysia and references to “Ringgit”, “Malaysian Ringgit”, “RM” and “sen” are to the lawful currency of Malaysia. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding. Certain acronyms, technical terms and other abbreviations used are defined in “Definitions” appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. References to persons shall include companies and corporations.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulation, enactment or rules of stock exchange for the time being in force.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from internal data. In such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by D&B Malaysia (as defined in this Prospectus), i.e. the independent market researcher for inclusion in this Prospectus. We had appointed D&B Malaysia to provide a business and independent market and industry review relating to an overview of the economy and industry in which we operate. In compiling data for the review, D&B Malaysia relied on industry sources, published materials, its own private databanks and direct contacts within the industry. We believe that the information on the industry as contained in this Prospectus and the other statistical data and projections cited in this Prospectus are useful in helping prospective investors understand the major trends in the industry in which we operate. However, neither we nor our advisers have verified these data.

Our advisers and we do not make any representation as to the correctness, accuracy or completeness of such data. You should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved. You should not place undue reliance on the third-party projections cited in this Prospectus.

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

If there are any discrepancies or inconsistencies between the English and Malay versions of this Prospectus, the English version shall prevail.

FORWARD LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitations, statements relating to:-

- (i) demand for our products and services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations;
- (iv) our financial position; and
- (v) our future earnings.

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

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

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Sections 4 to 8 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regards thereto or any change in events, conditions or circumstances on which any such statement is based on.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following abbreviations shall apply throughout:-

Act	: The Companies Act, 1965, as amended from time to time, and any re-enactment thereof
ADA	: Authorised Depository Agent
ADA Code	: ADA (Broker) Code
Acquisition of CSM	: Acquisition by CSHB of the entire equity interest in CSM for a total purchase consideration of RM13,299,998 satisfied entirely by the issue of 132,999,980 CSHB Shares at par value, which was completed on 15 December 2010
Acquisition of Subsidiary Companies	: Collectively, Acquisition of CSM and Acquisition of TMX
Acquisition of TMX	: Acquisition by CSHB of the entire equity interest in TMX for a total purchase consideration of RM1,610,000 satisfied entirely by the issue of 16,100,000 CSHB Shares at par value, which was completed on 20 December 2010
Application Forms	: The printed application form(s) for the applications of the Issue Shares
ASP	: Application service provider
ASEAN	: Association of Southeast Asian Nations member countries
ATM	: Automated Teller Machine
Board or Directors	: Board of Directors of CSHB
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System
Censof	: Censof Sdn. Bhd. (730791-U), a major shareholder of CSHB
Century Financials	: Century Financials is an integrated high-end FMSS, which runs on multiple platforms and supports multiple databases
CFc	: Century Financials (Commercial), i.e. FMSS catered for the commercial sector
CFg	: Century Financials (Government), FMSS for the Government sector
CFmpg	: Century Financials (Max-Paygate)
CSA	: Century Software Pty Ltd (ABN86001997217), a wholly owned subsidiary of Censof which was incorporated in Australia
CSHB or Company	: Century Software Holdings Berhad (828269-A)
CSHB Group or Group	: CSHB and its subsidiary companies, namely CSM and TMX

DEFINITIONS (Cont'd)

CSHB Share(s) or Share(s)	: Ordinary shares of RM0.10 each in CSHB
CSM	: Century Software (Malaysia) Sdn. Bhd. (445590-U)
CTO	: Chief Technology Officer
D&B Malaysia	: Dun & Bradstreet (D&B) Malaysia Sdn. Bhd. (527570-M), the independent market researcher
DSSB	: Decade Software Sdn Bhd (289832-A) (formerly known as Century Software Sdn Bhd), a wholly owned subsidiary of Censof
EBITDA	: Earnings before interest, tax, depreciation and amortisation
Electronic Share Application	: Application for the Issue Shares through Participating Financial Institution's ATM
EPS	: Earnings per share
Expedient	: Expedient Equity Ventures Sdn Bhd (780509-U)
FMSS	: Financial Management Software Solution(s)
FPE	: Financial Period Ended/ Ending
FYE	: Financial Year Ended / Ending 31 December
GLCs	: Government Linked Corporations
Government	: The Government of Malaysia
GP	: Gross Profit
GST	: Goods and Services Tax
HR	: Human Resource
HRSC	: HR Strategic Consultant Sdn Bhd
ICT	: Information and Communication Technology
IMR Report	: Independent Market Research Report from D&B Malaysia
Internet Participating Financial Institution	: Participating organisations for the Internet Share Application as listed in Section 15 of this Prospectus
Internet Share Application	: Application of the IPO Shares through an Internet Participating Financial Institution
IP	: Intellectual Property
IPO	: Initial Public Offering for the IPO Shares in conjunction with our Listing
IPO Price	: RM0.93 per Issue Share

DEFINITIONS (Cont'd)

IPO Shares	: Collectively, Issue Shares and Offer Shares
Issue Share	: The 23,000,000 new CSHB Shares which are to be issued pursuant to the Public Issue
IT	: Information Technology
Kenanga	: Kenanga Investment Bank Berhad (15678-H)
Listing	: Our admission to the official list of the Main Market and the initial listing of and quotation for CSHB's entire enlarged issued and paid-up share capital comprising 172,100,000 Shares on the Main Market
Listing Requirements	: The Listing Requirements of Bursa Securities for the Main Market
Listing Scheme	: Collectively, Acquisition of CSM, Acquisition of TMX, Public Issue, Offer for Sale and Listing
LPD	: 30 November 2010, being the latest practicable date prior to the printing of this Prospectus
Main IPO Guidelines	: Guidelines on the Offering of Equity and Equity-linked Securities for the Main Market
Main Market	: Main Market of Bursa Securities
Market Days	: Any day between Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
MAVCAP	: Malaysia Venture Capital Management Bhd (545446-U)
MAVCAP I	: Reference to MAVCAP's shareholdings in CSHB of 8,091,054 CSHB Shares upon completion of the Acquisition of CSM by virtue of its shareholdings in CSM
MAVCAP II	: Reference to MAVCAP's shareholdings in CSHB of 4,025,000 CSHB Shares upon completion of the Acquisition of TMX by virtue of its shareholdings in T-Global
MNC(s)	: Multi National Corporation(s)
MSC Malaysia Status	: Multimedia Super Corridor Status
NA	: Net Assets
NTA	: Net tangible assets
Offer for Sale	: The offer for sale by the Offerors of the Offer Shares at the Offer Price, to selected investors by way of private placement
Offer Price	: RM0.93 per Offer Share
Offer Shares	: The 10,931,200 existing CSHB Shares which are to be offered by our Offerors pursuant to the Offer for Sale

DEFINITIONS (Cont'd)

Offerors : Our existing shareholders who are participating in the Offer for Sale comprising of:-

Offerors	Number of Offer Shares	% of enlarged share capital after IPO
Censof	8,458,970	4.92
Ramlee bin Mohd. Shariff	249,084	0.14
MAVCAP	741,538	0.43
Expedient	430,605	0.25
Hafiz Mursjidi Bin Suhaimi	15,271	0.01
YM Raja Mohd Nazri Bin Raja Abd Malek	61,082	0.04
Khalek Bin Awang	152,999	0.09
Rosdin Bin Hanafiah	152,999	0.09
Mohd Akob Bin Ahmad	46,626	0.03
Abdul Mushir bin Che Chik	314,482	0.18
Wong Kam Yin	307,544	0.18
Total	10,931,200	6.35

PAT : Profit after taxation

PBT : Profit before taxation

PE : Price to earnings

Private Placement : The private placement of 8,550,000 Issue Shares and 10,931,200 Offer Shares to selected investors at the IPO Price and Offer Price respectively

Promoter(s) : The Promoters of the Company are Censof Sdn Bhd, Samsul bin Husin, Ameer bin Shaik Mydin, Tamil Selvan A/L M. Durairaj, Ang Hsin Hsien, Abdul Mushir bin Che Chik and Wong Kam Yin

Public Issue : The public issue of the Issue Shares at the IPO Price, to selected investors by way of private placement, eligible directors, employees and persons who have contributed to the success of our Group, and to the Malaysian public, payable in full upon application and subject to the terms and conditions of this Prospectus and the Application Forms

R&D : Research and Development

RM and sen : Ringgit Malaysia and sen, respectively

SAGA : Standard Accounting System for Government Agencies

SC : Securities Commission

SI : System Implementation

SME(s) : Small and Medium Enterprises

T-Global : T-Melmax Global Sdn Bhd (686246-A), the holding company of TMX

DEFINITIONS (Cont'd)

TMX : T-Melmax Sdn Bhd (593550-A)

Definitions of Government Bodies and Agencies, Associations etc

AIMST	: Asian Institute of Medicine, Science and Technology University
ANM	: Akauntan Negara Malaysia or Accountant General of Malaysia
Auditor General	: Jabatan Audit Negara Malaysia or Auditor General's Department
CCM	: Companies Commission of Malaysia
CIMA	: Chartered Institute of Management Accountants
DBKL	: Dewan Bandaraya Kuala Lumpur
EPF	: Employment Provident Fund
IMU	: International Medical University
INTAN	: National Institute of Public Administration
KESEDAR	: South Kelantan Development Authority
KPTM	: Ministry of Higher Education
Kraftangan	: Malaysian Handicraft Development Corporation
LADA	: Langkawi Development Authority
LDA	: Labuan Development Authority
LHDN	: Inland Revenue Board Malaysia
LKIM	: Fisheries Development Authority of Malaysia
LKM	: Malaysian Cocoa Board
LPP	: Lembaga Pertubuhan Peladang
MAMPU	: Malaysian Administrative Modernisation and Management Planning Unit
MARDI	: Malaysia Agricultural Research and Development Institute
MATRADE	: Malaysia External Trade Development Corporation
MDeC	: Multimedia Development Corporation Sdn Bhd
MIA	: Malaysian Institute of Accountants
MIDA	: Malaysian Industrial Development Authority
MITI	: Ministry of International Trade and Industry
MOF	: Ministry of Finance
MPB	: Malaysian Pepper Board

DEFINITIONS (Cont'd)

MPC	:	Malaysian Productivity Corporation
MPOB	:	Malaysian Palm Oil Board
NSC	:	National Sports Council
PKNS	:	Selangor State Economic Development Corporation
PKPS	:	Selangor Agricultural Development Corporation
PMD	:	Prime Ministers' Department
PORIM	:	Palm Oil Research Institute of Malaysia
PORLA	:	Palm Oil Registration and Licensing Authority
PSMB	:	Pembangunan Sumber Manusia Malaysia Berhad
PTPTN	:	National Higher Education Fund Corporation
PZNS	:	Pusat Zakat Negeri Sembilan
SOCSSO	:	Social Security Organisation
UMMC	:	Universiti Malaya Medical Center
UPMS	:	Universiti Putra Malaysia, Serdang
UPMT	:	Universiti Terengganu Malaysia

Technical Definitions

.Net	:	The Microsoft .NET Framework is a software technology that is available with several Microsoft Windows operating systems. It includes a large library of pre-coded solutions to common programming problems, a runtime or virtual machine that manages the execution of programs written specifically for the framework, and a set of tools for configuring and building applications. The .NET Framework is a key Microsoft offering and is intended to be used by most new applications created for the Windows platform.
Alltel	:	Alltel Corporation
B2B	:	Business to business, describes commerce transactions between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer
B2C	:	Business to Consumer, applies to any business or organization that sells its products or services to consumers over the Internet for its own use
B2G	:	Business to Government is often referred to as a market definition of "public sector marketing" which encompasses marketing products and services to various government levels - including federal, state and local - through integrated marketing communications techniques such as strategic public relations, branding, advertising, and web-based communications
BPM	:	Business Performance Management

DEFINITIONS (Cont'd)

C2B	:	Consumer to business is an electronic commerce business model in which consumers (individuals) offer products and services to companies and the companies pay them.
C2G	:	Citizen to Government is electronic commerce business model in which citizens (individuals) make payments to Government bodies.
Cloud computing	:	Cloud computing is Internet-based computing, whereby shared resources, software, and information are provided to computers and other devices on demand, like the electricity grid.
DB2	:	DB2 is one of IBM's families of RDBMS software products within IBM's broader Information Management Software line.
DSS	:	Decision Support System
ERP	:	Enterprise Resource Planning
Extranet	:	An extranet is a private network that uses Internet protocols, network connectivity, and possibly the public telecommunication system to securely share part of an organization's information or operations with suppliers, vendors, partners, customers or other businesses. An extranet can be viewed as part of a company's intranet that is extended to users outside the company (e.g.: normally over the Internet).
FPX	:	Financial processing exchange
FTP	:	File Transfer Protocol (FTP) is a standard network protocol used to copy a file from one host to another over a Transmission Control Protocol/Internet Protocol-based network, such as the Internet
Genero	:	A technology engine developed by a French company called Four J's Development Tools Europe Ltd that allows a company to develop complex business applications quickly, across operating systems and databases.
GUI	:	A graphical user interface (GUI) is a type of user interface which allows people to interact with electronic devices like computers, hand-held devices (MP3 Players, Portable Media Players, Gaming devices), household appliances and office equipment. A GUI offers graphical icons, and visual indicators as opposed to text-based interfaces, typed command labels or text navigation to fully represent the information and actions available to a user. The actions are usually performed through direct manipulation of the graphical elements.
Help Desk	:	A service that provides information and assistance to the users of a computer network
HR2000	:	HR 2000 Sdn Bhd, provider of Payroll and Human Resource Software Solution
HTML	:	HTML (HyperText Markup Language) is the predominant markup language for web pages. It provides a means to describe the structure of text-based information in a document — by denoting certain text as links, headings, paragraphs, lists, and so on — and to supplement that text with <i>interactive forms</i> , embedded <i>images</i> , and other objects.
IBG	:	Inter-bank GIRO financial services provided by MEPS
IBM	:	International Business Machine

DEFINITIONS (Cont'd)

ID	:	Identification
Informix	:	Informix is a family of RDBMS products by IBM. It is positioned as IBM's flagship data server for online transaction processing (OLTP) as well as integrated solutions.
Internet	:	<p>The Internet is a global system of interconnected computer networks that interchange data by packet switching using the standardized Internet Protocol (IP) Suite. It is a "network of networks" that consists of millions of private and public, academic, business, and government networks of local to global scope that are linked by copper wires, fiber-optic cables, wireless connections, and other technologies.</p> <p>The Internet carries various information resources and services, such as electronic mail, online chat, file transfer and file sharing, online gaming, and the inter-linked hypertext documents and other resources of the World Wide Web (WWW).</p>
Intranet	:	Briefly, an intranet can be understood as "a private version of the Internet," or as a version of the Internet confined to an organization.
ISO	:	International Organisation for Standardisation
KPI	:	Key performance indicator
LAN	:	Local Area Network
MEPS	:	Malaysia electronic payment system
MS SQL	:	Microsoft SQL
MYOB	:	Mind Your Own Business accounting software
MySQL	:	MySQL is a RDBMS
Oracle	:	Oracle Database (commonly referred to as Oracle RDBMS or simply as Oracle) is a RDBMS produced and marketed by Oracle Corporation.
PostgreSQL	:	PostgreSQL is an object-relational database management system (ORDBMS).
RDBMS	:	Relational Database Management System
RFS	:	Request for service
SaaS	:	Software -as -a -Service
Sage-UBS	:	Sage Software Sdn Bhd
SAP	:	SAP AG
Silverlake	:	Silverlake Axis Integrated Banking Solution
SMS	:	Short Message Service

DEFINITIONS (Cont'd)

- SQL : SQL (Structured Query Language) is a database computer language designed for the retrieval and management of data in RDBMS, database schema creation and modification, and database object access control management.
- SQL is a standard interactive and programming language for querying and modifying data and managing databases.
- SQL Server : Any database management system (DBMS) that implements the SQL query language.
- Secure Sockets Layer : Secure Socket Layer (SSL) is a cryptographic protocol that provides security for communications over networks such as the Internet. SSL encrypts the segments of network connections at the application layer to ensure secure end-to-end transit at the transport layer. SSL is crucial for banks to maintain data security during file transfer over the Internet.
- User Interface : The user interface (or Human Computer Interface) is the aggregate of means by which people, i.e. the users interact with the system, a particular machine, device, computer program or other complex tools. The user interface provides means of: Input, allowing the users to manipulate a system output, allowing the system to produce the effects of the users' manipulation.
- WAN Wide Area Network
- Web 2 based : *Web 2 based* is a term which describes the trend in the use of World Wide Web technology and web design that aims to enhance creativity, information sharing, and, most notably, collaboration among users. These concepts have led to the development and evolution of web-based communities and hosted services, such as social-networking sites, wikis, blogs, and folksonomies.
- XML : XML (Extensible Markup Language) is a set of rules for encoding documents in machine-readable form
- Y2K : The Millennium Bug

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1 CORPORATE DIRECTORY**DIRECTORS**

Name	Address	Profession	Nationality
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain <i>(Independent Non-Executive Chairman)</i>	71 Jalan Ampang Hilir, 55000 Kuala Lumpur Wilayah Persekutuan	Company Director	Malaysian
Samsul bin Husin <i>(Deputy Executive Chairman)</i>	No. 26, Jalan PJS 5/12, Taman Desaria, 46000 Petaling Jaya	Company Director	Malaysian
Ameer bin Shaik Mydin <i>(Executive Director)</i>	No. 12, Jalan 3/18B Taman Batu Permai 51200 Kuala Lumpur	Company Director	Malaysian
Tamil Selvan A/L M. Durairaj <i>(Managing Director)</i>	No. 6, Jalan Koop Cuepacs 5C, Taman Cuepacs, 43200, Selangor	Company Director	Malaysian
Ang Hsin Hsien <i>(Executive Director)</i>	No. 6, Jalan Jambu Bol 4/3E, Section 4, 40000 Shah Alam	Company Director	Malaysian
Abdul Mushir bin Che Chik <i>(Executive Director)</i>	No 43, Jalan SS2/45, Sea Park, 47300 Petaling Jaya	Company Director	Malaysian
Tuan Haji Ab. Gani Bin Haron <i>(Independent Non-Executive Director)</i>	N1-04-14, Subang Perdana Goodyear Court 7, Jalan USJ 14/1, 47610 Subang Jaya	Company Director	Malaysian
Boey Tak Kong <i>(Independent Non-Executive Director)</i>	Suite 3, Level 5, Blok 693 (693-5-3), Desa Kiara Damansara, Jalan Damansara, 60000 Kuala Lumpur	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Tuan Haji Ab. Gani Bin Haron	Chairman of the Committee	Independent Non-Executive Director
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	Member of the Committee	Independent Non-Executive Chairman
Boey Tak Kong	Member of the Committee	Independent Non-Executive Director

1 CORPORATE DIRECTORY (Cont'd)

NOMINATION COMMITTEE

Name	Designation	Directorship
Boey Tak Kong	Chairman of the Committee	Independent Non-Executive Director
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	Member of the Committee	Independent Non-Executive Chairman
Tuan Haji Ab. Gani Bin Haron	Member of the Committee	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Boey Tak Kong	Chairman of the Committee	Independent Non-Executive Director
Tuan Haji Ab. Gani Bin Haron	Member of the Committee	Independent Non-Executive Director
Samsul bin Husin	Member of the Committee	Deputy Executive Chairman

COMPANY SECRETARIES : Tan Bee Hwee (MAICSA No.: 7021024)
Wong Wai Foong (MAICSA No. 7001358)

Level 18, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel no.: 03-2264 8888
Fax no.: 03-2282 2733

REGISTERED OFFICE : Level 18, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel no.: 03-2264 8888
Fax no.: 03-2282 2733

MANAGEMENT OFFICES : Block C-17-07, Dataran 3 Two,
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46300 Petaling Jaya
Selangor Darul Ehsan
Tel no.: 03-7962 7888
Fax no.: 03-7962 7800
Website: <http://www.centurysoftware.com.my>

Suite 11.07, Level 11, The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel no.: 03-2282 3000
Fax no.: 03-2282 3040
Website: <http://www.t-melmax.com>

1 CORPORATE DIRECTORY (Cont'd)

- ADVISER, UNDERWRITER AND PLACEMENT AGENT** : Kenanga Investment Bank Berhad (15678-H)
801, 8th Floor, Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel no.: 03-2164 6689, 03-2027 5555
Fax no.: 03-2164 6690
- AUDITORS & REPORTING ACCOUNTANTS** : Crowe Horwath (formerly known as Horwath)
Level 16, Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel no.: 03-2166 0000
Fax no.: 03-2166 1000
- CORPORATE AND DUE DILIGENCE SOLICITORS** : Cheang & Ariff
39 Court @ Loke Mansion
273A, Jalan Medan Tuanku,
50300 Kuala Lumpur
Malaysia
Tel no.: 03-2691 0803
Fax no.: 03-2693 4475, 03-2692 8533, 03-2694 0622
- REGISTRAR** : Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel no.: 03-2264 3883
Fax no.: 03-2282 1886
- ISSUING HOUSE** : Malaysia Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel no.: 603 7841 8000
Fax no.: 603 7841 8150
- INDEPENDENT MARKET RESEARCHER** : Dun & Bradstreet (D&B) Malaysia Sdn Bhd (527570-M)
Block C-17-02, 3 Two Square,
No. 2, Jalan 19/1,
46350 Petaling Jaya, Selangor
Malaysia
Tel no.: 03-7966 6866
Fax no.: 03-7966 6868
- PRINCIPAL BANKERS** : CIMB Bank Berhad (582504-P)
Lot P5.5 Persiaran Perbandaran
Bangunan UMNO
Section 14
40000 Shah Alam
Selangor
Tel no.: 03-5519 0395
Fax no.: 03-5513 9910

1 CORPORATE DIRECTORY (Cont'd)

***PRINCIPAL BANKERS
(Cont'd)***

Kenanga Investment Bank Berhad (15678-H)
801, 8th Floor, Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel no.: 03-2164 9080
Fax no.: 03-2161 4990

LISTING SOUGHT

: Main Market of Bursa Securities

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2 SUMMARY INFORMATION

THE FOLLOWING IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST.

2.1 HISTORY AND NATURE OF BUSINESS

2.1.1 Information on CSHB

CSHB was incorporated under its present name as a public company in Malaysia on 8 August 2008, under the Act with the objective of being an investment holding company to facilitate our Listing exercise.

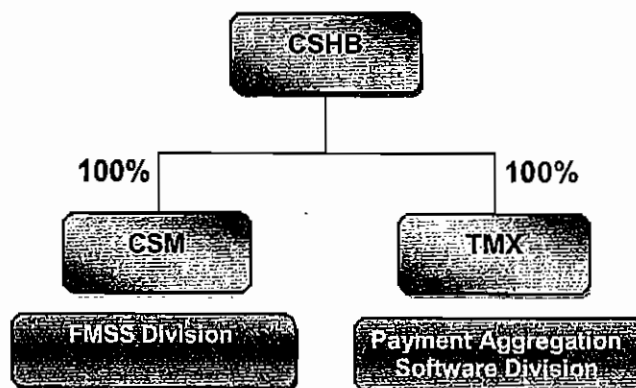
CSHB's core business is essentially via CSM which is principally involved in the design, development, implementation and marketing of FMSS and services. Our core and proprietary product, namely Century Financials, comprising CFg, CFc, Century Financials Distribution, Century Financials Retail and SAGA Century, has evolved into a comprehensive FMSS with the ability to process and manage the full spectrum of an organisation's financial transaction requirements with over 43 accounting and related modules.

In line with our plan to continuously expand the business, we actively look into avenues to diversify our revenue source as well as to provide more value added services to our customers. During the second half of 2009, CSM initiated discussions with TMX to offer payment gateway services as part of Century Financials by linking with TMX's proprietary payment gateway as a value added service for CSM's customers. TMX is a company principally involved in providing service for financial applications, electronic payments and collections solutions, essentially offering SaaS.

Leveraging on CSM's strength in the Government sector as well as TMX's strength as the only e-payment gateway provider with revenue sharing arrangements on collections and payments with six (6) major banks in Malaysia, we conceptualised e-Bayaran, a one-stop B2G portal for businesses to make payments to various government bodies. The main objective of this portal is to assist government bodies such as PZNS, EPF, SOCSO and LHDN by simplifying the process of collecting payments from companies and corporate bodies in a simple and efficient manner using the latest web based solutions as well as electronic payments instead of manual paperwork. Essentially, e-Bayaran is expected to assist and simplify the process for companies and corporate bodies in facilitating monthly payments. The portal is expected to be launched in the first quarter of 2011.

In order to strengthen the business opportunities created by the synergistic benefits between CSM and TMX, both the companies decided to merge the two businesses under one corporate umbrella, culminating in the acquisition by CSHB of the entire equity interest in CSM and TMX. Please refer to Section 5.3 of this Prospectus for further details.

Our Group's corporate structure is set out below:-



2 SUMMARY INFORMATION (Cont'd)

We will continue to leverage on each subsidiary's strength to explore new business opportunities and take our Group to greater heights. The details of our subsidiary companies are as follows:-

Name	Date and place of incorporation	Equity interest %	Issued and paid-up share capital (RM)	Principal activities
CSM (MSC-Malaysia status company)	3 September 1997/ Malaysia	100.0	1,000,000	CSM is principally involved in the design, development, implementation and marketing of FMSS and services.
TMX (MSC-Malaysia status company)	24 September 2002 / Malaysia	100.0	5,146,759	TMX is principally involved in providing services for financial applications, electronic payments and collections solutions, essentially offering SaaS.

2.1.2 Information on Our Business

2.1.2.1 FMSS Division

CSM is an end-to-end solutions provider of high-end FMSS, with considerable experience in the development of FMSS for the public sector, having served in this sector for over 10 years. The Government has appointed CSM for the implementation and continuous maintenance of its respective SAGA compliant FMSS within Federal Statutory Bodies.

The Government's circular PKPA 1/1996 ("Circular") dated 1 February 1996 had asserted the Government's plan to implement SAGA progressively in all its Federal Statutory Bodies ("SAGA Initiative"). This Circular was subsequently superseded by Development Administration Circular No.1 of 2007, issued by the PMD effective 4 May 2007 with further enhancements to the SAGA Initiative. Please refer to Section 5.1.2 of this Prospectus for more details. In essence, the SAGA Initiative was introduced as an important step for the Government to improve efficiency levels of financial management and accounting practices in Federal Statutory Bodies which included maintenance and updating of accounts and execution of audit work, also known as the SAGA Expansion Programme. SAGA sets the guidelines for the preparation of financial statements and financial reports by the Federal Statutory Bodies.

The main objectives of introducing SAGA to Federal Statutory Bodies are:-

- ❖ to provide a facility to maintain a comprehensive and up-to-date set of accounts;
- ❖ to enable closing of accounts on a daily basis;
- ❖ to provide a better financial management accounting facility; and
- ❖ to ensure that the pre-audited financial reports are prepared timely.

(Source: official website of ANM)

Pursuant to the release of the Circular, CSM had worked towards ensuring SAGA Century is SAGA compliant. To this end, CSM is proud that its SAGA Century is well accepted by the Government and CSM has been mandated by ANM, MAMPU and Auditor General as a provider of the SAGA Initiative.



2 SUMMARY INFORMATION (Cont'd)

A snapshot of CSM's growing Government clientele, comprising over 70 Government agencies at the Federal, State and Local Council levels is as follows:-

Department	Government Agencies
Ministry of Finance	<ul style="list-style-type: none"> ▪ Kumpulan Wang Persaraan ▪ LHDN ▪ LADA ▪ MIA
Ministry of Federal Territories and Urban Wellbeing	<ul style="list-style-type: none"> ▪ DBKL ▪ LDA
Ministry of Plantation Industries and Commodities	<ul style="list-style-type: none"> ▪ MPOB ▪ National Tobacco Board ▪ MPB ▪ LKM
Ministry of Transport Malaysia	<ul style="list-style-type: none"> ▪ Bintulu Port Authority ▪ Klang Port Authority ▪ Penang Port Commission ▪ Railway Asset Corporation ▪ Kuantan Port Authority ▪ Johor Port Authority ▪ Malaysia Institute of Road Safety Research
Ministry of Agriculture and Agro-Based Industry	<ul style="list-style-type: none"> ▪ MARDI ▪ LPP ▪ LKIM ▪ Kemubu Agriculture Development Authority ▪ Muda Agriculture Development Authority
Ministry Of International Trade and Industry Malaysia	<ul style="list-style-type: none"> ▪ MIDA ▪ MATRADE ▪ MPC
Prime Minister's Department	<ul style="list-style-type: none"> ▪ Human Rights' Commission of Malaysia ▪ Penang Regional Development Authority
Ministry Of Information Communication and Culture	<ul style="list-style-type: none"> ▪ Kraftangan ▪ National Art Gallery ▪ Akademi Seni Budaya Dan Warisan Kebangsaan
Ministry Of Energy, Green Technology and Water	<ul style="list-style-type: none"> ▪ Energy Commission
Ministry Of Higher Education	<ul style="list-style-type: none"> ▪ Universiti Sultan Zainal Abidin ▪ Universiti Pertahanan Nasional Malaysia ▪ Universiti Malaya ▪ Universiti Tun Hussien Onn ▪ Malaysian Qualifications Agency ▪ PTPTN

2 SUMMARY INFORMATION (Cont'd)

Department	Government Agencies
	<ul style="list-style-type: none"> ▪ Universiti Malaysia Sabah ▪ UMMC ▪ Universiti Islam Antarabangsa ▪ Universiti Putra Malaysia ▪ Universiti Malaysia Kelantan ▪ UPMT
Ministry Of Entrepreneur and Cooperative Development	<ul style="list-style-type: none"> ▪ Cooperative College of Malaysia ▪ Council of Trust for the Bumiputera ▪ TEKUN Nasional ▪ MARA Poly-Tech College
Ministry Of Women, Family and Community Development	<ul style="list-style-type: none"> ▪ National Population and Family Development Board
Ministry Of Rural and Regional Development	<ul style="list-style-type: none"> ▪ KESEDAR ▪ South East Johor Development Authority
Ministry Of Human Resource	<ul style="list-style-type: none"> ▪ Social Security Organisation ▪ Skills Fund Development Corporation
Ministry Of Youth and Sport	<ul style="list-style-type: none"> ▪ NSC
Ministry Of Domestic Trade and Consumer Affairs	<ul style="list-style-type: none"> ▪ CCM ▪ Intellectual Property Corporation of Malaysia
Ministry Of Health	<ul style="list-style-type: none"> ▪ National Blood Bank ▪ Lembaga Promosi Kesihatan
States Agencies/Utilities	<ul style="list-style-type: none"> ▪ Klang Municipal Council ▪ Jabatan Bekalan Air Pahang ▪ PKPS ▪ Suruhanjaya Perkhidmatan Air Negara ▪ PKNS ▪ Lembaga Air Perak
Ministry Of Housing and Local Government	<ul style="list-style-type: none"> ▪ Perbadanan Pengurusan Sisa Pepejal & Pembersihan Awam ▪ Suruhanjaya Koperasi Malaysia
Ministry Of Science, Technology and Innovations	<ul style="list-style-type: none"> ▪ Akademi Sains Malaysia

It is important to note that a majority of CSM's customers were secured through open tenders. Its ability to secure these customers, successfully complete the projects and build a strong business relationship with them is also a major accomplishment.

49 (approximately 42%) Federal Statutory Bodies have yet to install the SAGA system and these bodies represent the future untapped market for CSHB. In addition, the SAGA system also has a potential market at the federal agency level. Apart from the initial installation of the SAGA system, upgrading and maintenance services are also a source of revenue for the FMSS providers. While initial installation services are one-off, upgrading and maintenance services are periodical (i.e. quarterly, annually, every five years etc.) and are sources of recurring revenue. (Source: IMR Report prepared by D&B Malaysia)

2 SUMMARY INFORMATION (Cont'd)

At this moment, CSM intends to keep its marketing focus on the public sector. Notwithstanding this, CSM has secured some contracts from the private sector with revenue contribution for the past three (3) FYE 2009 and the 7-months FPE 31 July 2010 amounting to approximately RM3.15 million. A snapshot of some of CSM's private sector clients are as follows:-

Private Sector	
Companies wholly owned by the Government	<ul style="list-style-type: none"> ▪ MIMOS Berhad ▪ SIRIM Berhad ▪ Indah Water Konsortium Sdn Bhd
Public Listed Company	<ul style="list-style-type: none"> ▪ UDA Holdings Berhad
Private Universities	<ul style="list-style-type: none"> ▪ IMU ▪ AIMST ▪ Universiti Tenaga Nasional
Non-Governmental Organisation	<ul style="list-style-type: none"> ▪ Pertubuhan Kebajikan Islam Malaysia

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2 SUMMARY INFORMATION (Cont'd)

2.1.2.2 Information on Our Payment Aggregation Software Division

TMX is a software developer and service provider for financial applications, electronic payments and collections solutions (*B2B, B2G and C2B*), focusing on the development of web based electronic banking solutions to facilitate retail and wholesale transaction processing.

Currently, TMX's core business i.e. payment and collection solutions are supported by its web-based portal called Max-Paygate, which essentially simplifies and automates the handling and processing of bulk payment, bulk collection, retail payment and other types of payments. Max-Paygate is interfaced to IBG, FPX, legacy host such as Alltel and Silverlake. Max-Paygate is also interfaced with statutory bodies such as EPF, SOCSO and LHDN via TMX's panel banks.

As part of TMX's proposition to simplify bulk payment and collection processes, Max-Paygate is connected to a total of six (6) panel banks i.e. AmBank Berhad, CIMB Bank Berhad, EON Bank Berhad, Hong Leong Bank Berhad, Malayan Banking Berhad and RHB Bank Berhad. To the best of TMX's knowledge, TMX is the only service provider in Malaysia with such connectivity. Moving forward, TMX will continue to assess the requirements to expand the list of its panel banks to support its web based electronic solutions.

In an effort to further grow its services and expand its customer base, TMX has in 2009 collaborated with payroll and/or accounting software players, namely Sage-UBS, HRSC and further in 2010, CSM, by creating a Max-Paygate system link to their accounting and/or payroll software. This collaboration is on a revenue sharing basis. This allows end-users an option to utilise TMX's Max-Paygate services which is readily available in the accounting and/or payroll software package purchased. TMX believes that this is an effective way to increase and expedite its business footprint as TMX is able to leverage on the branding and networks of these payroll and/or accounting software players. Up to the LPD, the revenue contributions from these collaborations is approximately RM70,000 as a result of eleven (11) new clients.

In addition to the provision of its portal services, TMX also provides system integration services. Its expertise in system integration services is evidenced by the successful completion of the project to merge the IT systems of RHB Bank and Bank Utama in 2003 within a fixed budget and time period of six (6) months. The experience gained by TMX in this system integration project was invaluable both in terms of skills gathered and reputation gained in successfully implementing such a complex banking project. Subsequently, TMX has also been engaged to perform data security and financial application customisation services for Petronas Dagangan Berhad, EPF and Bank Rakyat.

Whilst system integration projects are not the core focus of TMX's business, nonetheless, should such opportunities arise in the future which TMX believes add value, either in terms of experience gained, profile and reputation of the client, among others, TMX may undertake them.

2.2 OUR COMPETITIVE STRENGTHS AND ADVANTAGES

FMSS Division

(i) Proven Track Record in the Public Sector

Over the years, CSM has established a strong presence within the public sector and possess a proven track record in serving the Government sector. Accordingly, CSM is usually considered one of the preferred FMSS providers due to its entrenched position.

2 SUMMARY INFORMATION (Cont'd)

(ii) SAGA-Compliant FMSS

The capabilities of CSM's solutions, especially in terms of performance and functionality, to a certain extent, is recognised, as it was endorsed by the Government under the SAGA Initiative for implementation in all its Federal Statutory Bodies.

For SAGA-compliant FMSS providers, the Government has recognised ONLY two (2) FMSS for Federal Statutory Bodies, namely SAGA Century, a subset of CFg from CSM and SAGA 3 from Konsortium Jaya Sdn Bhd ("KJSB"). Nonetheless, CSM is the leading SAGA compliant FMSS provider, having implemented the SAGA system in 62 Federal Statutory Bodies compared to 7 by KJSB.


Since 2004, CSM has secured Phase I of the SAGA Expansion Programme comprising twelve (12) agencies and Phase II of the SAGA Expansion Programme comprising fourteen (14) agencies. CSM was also awarded Phase III, i.e. the contract by ANM to upgrade 16 government agencies from SAGA System Version 6.4 and 7.0 to Version 7.4 in the fourth quarter of 2007. (Source: 2008 Annual report issued by ANM)

At the beginning of 2009, in line with the SAGA Expansion Programme, CSM has been awarded a contract to implement additional seven (7) government agencies.

The SAGA recognition also creates a barrier of entry to new entrants, making this sector a niche market for CSM.

(iii) Competitive Pricing

At present, most of the local solution providers in Malaysia are not considered as CSM's competitors as they are competing at a lower level. Therefore, to a certain extent, it can be said that CSM is operating in a "premier league", where well-established international companies such as SAP and Oracle are competing in. This is illustrated in the table below:-

Segment	Company			
Tier I		KJSB	Microsoft	
	ORACLE	SAP		
Tier II	Infotech Alliance	IFCA Software		
Tier III	FACT	Ariantec	Ingenuity	OBM Software
Tier IV	ACE Software	Careware Software	ICS	
	MYOB	Sage UBS		

(Source: IMR report prepared by D&B Malaysia)

2 SUMMARY INFORMATION (Cont'd)

Please refer to Sections 5.4.13 (iii) and 6 of this Prospectus for details on the segmentation of the players into Tier I to Tier IV.

CSM has successfully competed against well established foreign players like SAP and Oracle in winning projects and/or Government tenders. CSM believes that its advantage lies in the fact that it is able to offer FMSS with a comparable level of quality and service to those offered by SAP and Oracle but at a more competitive price.

Payment Aggregation Software Division

(i) Attractive product features

TMX is a payment aggregation software provider who offers an array of product features as an alternative to conventional payment methods e.g. via cheque or mail or over the counter at banks. Customers typically adopt the technology as they learn to appreciate its benefits which may eventually lead to widespread adoption across organisations.

In addition to the payment services provided by local banks, TMX has a few product features not available in the banks' payment systems. The additional features/benefits of its solutions are as follows:-

- able to accept multiple file formats of customers in their legacy systems;
- multiple language compatibility;
- the provision of response files for reconciliation;
- the provision of email advising to beneficiaries;
- the provision of liaison between customers and multiple banks; and
- mobile token using handphones for greater convenience by users.

(ii) Processes and Domain knowledge

TMX has spent years setting up the payment connectivity with its panel banks which is mainly via FTP with security settings.

This is a long process and requires a lot of work with the banks with regards to technical requirements. TMX is unique in that it has set-up such connectivity with the banks with the relevant file formats for the different services as well as complying with their security settings which include hashing and encryption. Therefore, TMX is of the opinion that this creates a barrier of entry to new entrants.

2.3 RISK FACTORS

You should carefully consider the following risk factors (which are not exhaustive), in addition to the other information contained in this Prospectus before applying for the Issue Shares. For a detailed commentary on our risk factors, please refer to Section 4 of this Prospectus:-

(A) Business Risks

Our Group

- (a) Any changes to the availability of technical resources may have a material impact on our Group's business and performance
- (b) The loss of business licenses may affect the financial performance of the Group
- (c) The risks of system failures may adversely affect the business operations of our Group

2 SUMMARY INFORMATION (Cont'd)

- (d) Dependence on IP
- (e) Dependence on key management or key technical personnel may impair our operations and materially affect our business, operational results and financial condition, should they leave their employment with our Group
- (f) Development / R&D risks

FMSS Division

- (a) Delay in completion of projects and collections of receivables from customers may impair the cash flow of CSM
- (b) The potential increase in number of SAGA recognised companies may result in a loss of competitive advantage
- (c) The lack of long term contracts limits CSM's ability to secure long term and consistent streams of income from its customers
- (d) Dependence on the public sector may materially impact CSM's business, operational results and financial condition if it is not able to diversify its source of income
- (e) The risk of CSM's customers' product warranty claims which may adversely affect its business, operational results and financial condition

Payment Aggregation Software Division

- (a) Dependence on a limited customer base
- (b) Lack of market acceptance of TMX's services may adversely affect its business, operational results and financial condition

(B) Risks Relating to the Industry

FMSS Division

- (a) The FMSS industry is highly competitive and CSM's failure to remain competitive in the FMSS industry will have an adverse impact on its business, operational results and financial condition
- (b) Failure to keep up with rapid changes in technology may limit CSM's ability to cope with its customer demands which will have an adverse effect on its business

Payment Aggregation Software Division

- (a) Internet infrastructure breakdown may adversely affect TMX's response time to customer
- (b) Security risk

2 SUMMARY INFORMATION (Cont'd)

(C) Other Risks

- (a) Susceptibility to changes to political conditions and economic slowdowns may materially affect product demand for our Group
- (b) Control by our Promoters

(D) Risks relating to our Shares and share prices

- (a) No Prior Market for CSHB Shares
- (b) Failure or Delays in the Listing

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2 SUMMARY INFORMATION (Cont'd)

2.4 FINANCIAL HIGHLIGHTS

2.4.1 Proforma Consolidated Income Statements

The proforma consolidated income statements of the CSHB Group for the audited FYE 2007 to 2009 and 7-months FPE 31 July 2010, as well as unaudited 7-months FPE 31 July 2009, which our Directors are solely responsible for, are set out below. The proforma consolidated income statements have been prepared solely for illustrative purposes, on the assumption that our Group has been in existence throughout the periods under review and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 13 of this Prospectus.

	Proforma FYE			Unaudited 7-months FPE 31 July	Proforma 2010
	2007 RM'000	2008 RM'000	2009 RM'000	2009 RM'000	2010 RM'000
Revenue	24,619	29,459	30,122	14,520	18,442
GP	12,201	15,346	16,653	7,518	8,971
EBITDA	7,895	13,312 *	10,857 [^]	5,054	5,795
Amortisation	(748)	(564)	(809)	(472)	(684)
Depreciation	(466)	(539)	(546)	(308)	(355)
Interest expenses	(187)	(425)	(323)	(189)	(195)
Interest income	71	83	86	67	20
PBT	6,565	11,867	9,265	4,152	4,581
Taxation	(84)	(59)	8	(17)	(6)
PAT	6,481	11,808	9,273	4,135	4,575
GP margin (%)	49.6	52.1	55.3	51.8	48.6
PBT Margin (%)	26.7	40.3	30.8	28.6	24.8
PAT margin (%)	26.3	40.1	30.8	28.5	24.8
Number of Shares after the Acquisition of Subsidiaries ('000)	149,100	149,100	149,100	149,100	149,100
Number of Shares upon Listing ('000)	172,100	172,100	172,100	172,100	172,100
Gross EPS (sen) ⁽¹⁾	4.4	8.0	6.2	4.8 ^{**}	5.3 ^{**}
Gross EPS (sen) ⁽²⁾	3.8	6.9	5.4	4.1 ^{**}	4.6 ^{**}
Net EPS (sen) ⁽³⁾	4.3	7.9	6.2	4.8 ^{**}	5.3 ^{**}
Net EPS (sen) ⁽⁴⁾	3.8	6.9	5.4	4.1 ^{**}	4.6 ^{**}

Note:-

* Includes RM3.18 million arising from the gain from the sale of CSM's KL Sentral property

[^] Includes RM1.34 million development expenditure written off due to the alignment of TMX's amortisation policy of ten (10) years to be in line with CSM's amortisation policy of five (5) years

^{**} Annualised

(1) Derived by dividing PBT by the number of Shares after the Acquisition of Subsidiaries

(2) Derived by dividing PBT by the number of Shares upon Listing

(3) Derived by dividing PAT by the number of Shares after the Acquisition of Subsidiaries

(4) Derived by dividing PAT by the number of Shares upon Listing

Our Group's audited financial statements for the past financial years under review have not been subjected to any audit qualification.

2 SUMMARY INFORMATION (Cont'd)**2.4.2 Proforma Consolidated Balance Sheets**

The proforma consolidated balance sheets of CSHB as at 31 July 2010, which our Directors are solely responsible for, are prepared for illustrative purposes only, and on the basis set out below:-

Proforma I : After Acquisition of CSM
 Proforma II : After Proforma I and Acquisition of TMX
 Proforma III : After Proforma II and Public Issue
 Proforma IV : After Proforma III and utilisation of listing proceeds

	As at 31 July 2010 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000
ASSETS					
NON-CURRENT ASSETS					
Plant and equipment	-	1,397	1,765	1,765	6,655
Development Expenditure	-	4,987	9,685	9,685	15,685
Investments	-	-	-	-	-
Other Investments	-	100	100	100	100
	-	6,484	11,550	11,550	22,440
CURRENT ASSETS					
Trade receivables	-	14,489	15,202	15,202	15,202
Other receivables, deposits and prepayments	-	4,547	4,795	4,795	4,795
Tax refundable	-	93	101	101	101
Fixed deposits with a licensed bank	-	317	453	453	453
Cash and bank balances	#	91	462	21,852	5,514
	-	19,537	21,013	42,403	26,065
TOTAL ASSETS	#	26,021	32,563	53,953	48,505
EQUITY AND LIABILITIES					
Share capital	#	13,300	14,910	17,210	17,210
Retained profits	(55)	17,878	21,867	21,867	20,729
Share premium	-	-	-	19,090	18,780
Merger deficit	-	(12,300)	(12,300)	(12,300)	(12,300)
TOTAL EQUITY	(55)	18,878	24,477	45,867	44,419

2 SUMMARY INFORMATION (Cont'd)

	As at 31 July 2010 RM'000	Proforma RM'000	Proforma RM'000	Proforma RM'000	Proforma RM'000
NON-CURRENT LIABILITY					
Long-term borrowings	-	543	567	567	567
CURRENT LIABILITIES					
Trade payables	-	1,967	2,597	2,597	2,597
Other payables and accruals	55	527	803	803	803
Short-term borrowings	-	4,106	4,119	4,119	4,119
	55	6,600	7,519	7,519	7,519
TOTAL LIABILITIES	55	7,143	8,086	8,086	8,086
TOTAL EQUITY AND LIABILITIES	#	26,021	32,563	53,953	48,505
Number of Shares ('000)	*	133,000	149,100	172,100	172,100
Net (liabilities) / assets ("(NL)/NA") (RM'000)	(55)	18,878	24,477	45,867	44,419
(NL)/NA PER SHARE (Sen)	(275,000)	14.2	16.4	26.7	25.8

Notes:-

RM2
* 20

Further notes to the Proforma Consolidated Balance Sheets of our Group are set out in Section 7.2 of this Prospectus.

2 SUMMARY INFORMATION (Cont'd)

2.4.3 Proforma Consolidated Cash Flow

The proforma consolidated cash flow statement for the 7-months FPE 31 July 2010 have been prepared, solely for illustrative purposes, to show our Group's cashflow had our Group been in existence during the financial period presented.

		7-months FPE 31 July 2010 RM'000
<u>CASH FLOWS FROM OPERATION ACTIVITIES</u>		
Profit before taxation		4,581
<u>Adjustments for:-</u>		
Amortisation of development expenditure		684
Depreciation of equipment		355
Interest expense		195
Interest income		(20)
		5,796
<u>Working capital:-</u>		
Increase in trade and other receivables		(3,941)
Decrease in trade and other payables		(236)
CASH FROM OPERATIONS		1,619
Income tax paid		(6)
Interest paid		(195)
NET CASH FROM OPERATIONS		1,418
<u>CASH FLOWS FOR INVESTING ACTIVITIES</u>		
Development expenditure		(1,945)
Purchase of equipment		(69)
Interest received		20
NET CASH FOR INVESTING ACTIVITIES		(1,994)
<u>CASH FLOWS FOR FINANCING ACTIVITIES</u>		
Dividends paid		(5,592)
Repayment of hire purchase obligations		(56)
NET CASH FOR FINANCING ACTIVITIES		(5,648)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,224)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		7,103
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD		879
CASH AND CASH EQUIVALENTS COMPRISE:		
Fixed deposits with a licensed bank		453
Cash and bank balances		462
Bank overdraft		(36)
		879

2 SUMMARY INFORMATION (Cont'd)

2.5 PRINCIPAL STATISTICS RELATING TO OUR IPO

2.5.1 Share capital

	Number of Shares	Share Capital (RM)
Authorised:-	250,000,000	25,000,000
Issued and fully paid-up	149,100,000	14,910,000
To be issued pursuant to the Public Issue	23,000,000	2,300,000
Enlarged issued and paid-up share capital	172,100,000	17,210,000
To be offered under the Offer for Sale	10,931,200	1,093,120

2.5.2 Particulars of our IPO

In conjunction with our Listing on the Main Market, we will undertake the following subject to the terms and conditions contained in this Prospectus:-

(a) Public Issue

- (i) 5,800,000 new Issue Shares, representing approximately 3.37% of the enlarged issued and paid-up share capital of our Company will be made available to the eligible directors, employees and business associates of our Group pursuant to the Public Issue;
- (ii) 8,550,000 new Issue Shares, representing approximately 4.97% of the enlarged issued and paid-up share capital of our Company, have been reserved for Private Placement to selected investors pursuant to the Public Issue; and
- (iii) 8,650,000 new Issue Shares, representing approximately 5.02% of the enlarged issued and paid-up share capital of our Company will be made available for application by the Malaysian public (of which 50% will be set aside for Bumiputera investors), pursuant to the Public Issue.

(b) Offer for Sale

A total of 10,931,200 Offer Shares, representing approximately 6.35% of the enlarged issued and paid-up share capital of our Company will be made for offer by way of Private Placement to selected investors pursuant to the Offer for Sale.

(c) Issue/ Offer Price per Share 93 sen

(d) Our market capitalisation based on the Issue Price RM160,053,000

2 SUMMARY INFORMATION (Cont'd)**(e) Proforma NA**

Proforma NA as at 31 July 2010 after the IPO and deducting estimated listing expenses	RM44.419 million
Proforma NA per Share (based on the enlarged issued and paid-up share capital after the IPO)	25.8 sen
Dilution per Share based on the difference between Issue Price and Proforma NA per Share (upon completion of IPO)	67.2 sen

Please refer to Section 3 of this Prospectus for detailed information of our IPO.

2.6 PROCEEDS FROM OUR IPO AND PROPOSED UTILISATION

The gross proceeds from the Public Issue amounting to RM21,390,000 will accrue entirely to our Group and will be utilised as follows:-

Proposed Utilisation	RM,000	%	Expected time frame for utilisation
R&D expenditure	6,000	28.05	Within three (3) years from the date of receipt
Business expansion & capital expenditure	4,890	22.86	Within three (3) years from the date of receipt
Working capital	4,000	18.70	Within three (3) years from the date of receipt
Repayment of bank borrowings	4,000	18.70	Within six (6) months from the date of receipt
Estimated listing expenses	2,500	11.69	Within six (6) months from the date of receipt
	21,390	100.00	

Full details of the proposed utilisation are set out in Section 3.8 of this Prospectus.

Proceeds from the Offer for Sale

The Offer for Sale will raise gross proceeds of RM10,166,016, before deducting the Offerors' share of the estimated expenses which includes management, placement and transfer fees relating to their respective portion of the Offer for Sale. All the proceeds from the Offer for Sale will be credited to the Offerors and we will not receive any part of the proceeds.

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2 SUMMARY INFORMATION (Cont'd)

Name	Nationality	Designation	No. of CSIB Shares Held before the IPO ⁽¹⁾		No. of CSIB Shares Held after the IPO ⁽¹⁾	
			Direct	Indirect	Direct	Indirect
Directors						
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	Malaysian	Independent Non-Executive Chairman	-	-	800,000	0.46
Samsul bin. Husin	Malaysian	Deputy Executive Chairman	-	106,794,347 ⁽¹⁾	-	98,335,377 ⁽¹⁾
Ameer bin Shaik Mydin	Malaysian	Executive Director	-	106,794,347 ⁽¹⁾	-	98,335,377 ⁽¹⁾
Tamil Selvan A/L M. Durairaj	Malaysian	Managing Director	-	-	-	-
Ang Hsin Hsien	Malaysian	Executive Director	-	-	-	-
Abdul Mushir bin Che Chik	Malaysian	Executive Director	5,138,342	3.45	4,823,860	2.80
Tuan Haji Ab. Gani Bin Haron	Malaysian	Independent Non-Executive Director	-	-	-	-
Boey Tak Kong	Malaysian	Independent Non-Executive Director	-	-	100,000	0.06

Notes:-

- (1) Deemed interested by virtue of his shareholding in Censof
(2) Based on issued and paid-up share capital of 149,100,000 Shares prior to the IPO
(3) Including their respective allocation of Issue Shares under the pink form allocation
(4) Based on enlarged issued and paid-up share capital of 172,100,000 Shares after the IPO

2 SUMMARY INFORMATION (Cont'd)

Name	Nationality	Designation	No. of OSHEB Shares Held before the IPO		No. of OSHEB Shares Held after the IPO (a)	
			Direct	Indirect	Direct	Indirect
Key Management:						
Group						
Mark John Rees	Australian	Chief Technical Officer	-	-	-	-
FMSS Division						
Parameswaran A/L Rajagopal	Malaysian	Assistant General Manager, Operations	-	-	60,000	0.03
Sofian bin Shafie	Malaysian	Director, Consulting	-	-	20,000	0.01
Siti Safiah binti Yahaya	Malaysian	Senior Manager, Business Development	-	-	10,000	0.01
Sothy A/P Sundara Raju	Malaysian	Senior Manager, R&D	-	-	30,000	0.02
Aishah Mohd binti Ariffin	Malaysian	Senior Manager, Special Projects	-	-	35,000	0.02
Payment Aggregation Software Division						
Wong Kam Yin	Malaysian	Executive Director of TMX	5,024,986	3.37	4,717,442	2.74
Eugene Tan Hou Sin	Malaysian	Senior Business Adviser	-	-	-	-
Sujith Sharatchandran	Indian	Head of Application Development	-	-	-	-

Note:-

- (1) Based on issued and paid-up share capital of 149,100,000 Shares prior to the IPO
(2) Including their respective allocation of Shares from pink form share allocations
(3) Based on enlarged issued and paid-up share capital of 172,100,000 Shares after the IPO

Further information on our Promoters, substantial shareholders, Directors and Key Management are set out in Section 9 of this Prospectus.

3 PARTICULARS OF THE IPO

3.1 OPENING AND CLOSING OF APPLICATION

The application for the IPO will open at 10:00 a.m. on 12 January 2011 and will remain open until 5:00 p.m. on 19 January 2011 or such later date our Board and Kenanga at their absolute discretion may jointly decide. Late applications will not be accepted.

3.2 IMPORTANT DATES

The indicative timing of events leading up to the listing of and quotation for our Company's entire enlarged issued and paid-up share capital on the Main Market is set out below:-

Event	Tentative Date
Opening of Application for the Issue Shares	12 January 2011
Closing of Application for the Issue Shares	19 January 2011
Balloting Date	24 January 2011
Despatch of Notices of Allotment of the IPO Shares to successful applicants	28 January 2011
Listing of our Company's entire enlarged issued and paid-up share capital on the Main Market	31 January 2011

Save for the opening date of the application for the Issue Shares, these dates are tentative and subject to changes which may be necessary to facilitate implementation procedures. The application period will close at the date stated above or such later date as our Board and Kenanga at their absolute discretion may jointly decide.

Should the date of closing of the application for the Issue Shares be extended, the dates for the despatch of Notices of Allotment of the Issue Shares to successful applicants and listing of our Company's entire enlarged issued and paid-up share capital on the Main Market will be extended accordingly. If the date of closing of application is extended, the public will be notified of such further extension by way of advertisements placed in widely circulated English and Bahasa Malaysia newspapers.

3.3 SHARE CAPITAL

	Number of Shares	Share Capital RM
Authorised:-	250,000,000	25,000,000
Issued and fully paid-up	149,100,000	14,910,000
To be issued pursuant to the Public Issue	23,000,000	2,300,000
Enlarged issued and paid-up share capital	172,100,000	17,210,000
To be offered under the Offer for Sale	10,931,200	1,093,120
Total market capitalisation upon listing		160,053,000

3 PARTICULARS OF THE IPO (Cont'd)

We have only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each. The Issue Shares will upon allotment rank pari passu in all respects with one another and all other existing issued and fully paid-up CSHB Shares including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

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

Each shareholder shall be entitled to be present and to vote at our general meeting in person or by proxy or by attorney or by authorised representative, and, on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one (1) vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every one (1) Share held. A proxy shall be entitled to vote on a show of hands on any question at any general meeting. A proxy may but need not be a member of our Company. A proxy, whether or not a Member of our Company, need not be an advocate, an approved company auditor or a person approved by the CCM.

3.4 PARTICULARS OF OUR IPO

Our Issue Shares will be offered at the IPO Price and shall be subject to the terms and conditions of this Prospectus and the Application Forms and, upon acceptance, will be allocated in the manner as set out below.

3.4.1 Public Issue

The Public Issue of 23,000,000 Issue Shares is an invitation by us to the public to subscribe for the Issue Shares at an IPO price of RM0.93 per CSHB Share:-

Public Issue	No. of Issue Shares to be allotted	% of the Enlarged Share Capital
(i) made available to eligible directors, employees and business associates who have contributed to the success of our Group ⁽²⁾	5,800,000	3.37
(ii) by way of private placement to selected investors ⁽¹⁾	8,550,000	4.97
(iii) by way of balloting to the Malaysian public, of which 50% is to be set aside for Bumiputera investors ⁽¹⁾	8,650,000	5.02
Total	23,000,000	13.36

Note:-

(1) In the event of an under-subscription of the 8,650,000 Issue Shares allocated to the Malaysian public, of which 50% is to be set aside for Bumiputera investors, such under-subscribed Issue Shares may be transferred from the public balloting tranche and allocated by way of private placement, vice-versa.

The basis of allocation for the Issue Shares, shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants with a view of broadening our shareholding base to meet the public spread requirements and to establish a liquid and adequate market in

3 PARTICULARS OF THE IPO (Cont'd)

CSHB Shares. To meet the shareholding spread requirements, the final allocation to any single applicant shall not breach 5% or more of our enlarged issued and paid-up share capital upon listing on the Main Market, regardless of the amount of Issue Shares applied for.

There is no minimum subscription amount to be raised from the Public Issue as the Issue Shares under 3.4.1(i) and (iii) above have been fully underwritten by the Underwriter. The Issue Shares under 3.4.1(ii) above which are made available for private placement to selected investors will not be underwritten as investors have been selected to subscribe for the said Issue Shares. The Placement Agent has received irrevocable undertakings from selected investors to subscribe for the Issue Shares.

(2) Allocation of the Issue Shares to the eligible Directors, employees and business associates who have contributed to the success of our Group

The eligible Directors, employees and business associates who have contributed to the success of our Group have been allocated a total of 5,800,000 Shares. The total number of persons and companies eligible for allocation is 147 and 50 respectively.

The Issue Shares as mentioned above will be allocated to the eligible Directors and employees of our Group, based on the following criteria as approved by our Board of Directors:-

- (i) Full time employee of at least eighteen (18) years old;*
- (ii) Job position; and*
- (iii) Length of service.*

Details of the allocation to our Directors are as follows:-

<i>Name of Directors</i>	<i>Designation</i>	<i>No. of Public Issue Shares Allocated</i>
<i>Tan Sri Dato' Mohd Ibrahim bin Mohd Zain</i>	<i>Independent Non-Executive Chairman</i>	<i>800,000</i>
<i>Boey Tak Kong</i>	<i>Independent Non-Executive Director</i>	<i>100,000</i>
		<i>900,000</i>

In the event that any of the Issue Shares are not taken up by our eligible Directors, employees and business associates, such Issue Shares will be made available for application by the investing public by way of balloting or be allocated by way of private placement. The Issue Shares have been fully underwritten by the Underwriter.

There is no over-allotment or 'green-shoe' option that will result in an increase in the amount of Issue Shares.

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3 PARTICULARS OF THE IPO (Cont'd)**3.4.2 Offer for Sale**

A total of 10,931,200 CSHB Shares, representing approximately 6.35% of our enlarged issued and paid-up share capital at the IPO price of RM0.93 per CSHB Share is proposed to be made available for Sale by the Offerors by way of private placement to selected investors. The details of the Offerors under the Offer for Sale are as follows:-

Name of Offerors	Registered Address	Relationship with the Group within the past three (3) years	Shares held before the IPO		Shares offered pursuant to the Offer for Sale		Shares held after the IPO		
			No. of Shares	%	No. of Shares	%	No. of Shares	%	
Censof	Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Promoter, substantial shareholder of CSM	106,794,347	71.63	8,458,970	5.67	4.92	98,335,377	57.14
Ramlee bin Mohd. Shariff	No.17, Jalan Bukit Setiawangsa 10, Taman Setiawangsa, 54200 Kuala Lumpur	Shareholder of CSM	4,069,800	2.73	249,084	0.17	0.14	3,820,716	2.22
MAVCAP	Level 11, Menara Bank Pembangunan 1016, Jalan Sultan Ismail, 50300 Kuala Lumpur	Shareholder of CSM and TMX	12,116,054	8.13	741,538	0.50	0.43	11,374,516	6.61
Expedient	Suite 064, Kompleks Eureka Universiti Sains Malaysia Minden, 11800 Penang	Shareholder of CSM	7,035,699	4.72	430,605	0.29	0.25	6,605,094	3.84
Hafiz Mursjidi Bin Suhaimi	A-8-17 Estana Court Apartment, Jalan Hj Mokhtar, Kg Pasir, Ulu Kelang, 68000 Ampang, Selangor	Shareholder of CSM	249,508	0.17	15,271	0.01	0.01	234,237	0.14

3 . PARTICULARS OF THE IPO (Cont'd)

Name of Directors	Registered Address	Relationship with the Group within the past three (3) years	Shares held before the IPO		Shares offered pursuant to the Offer for Sale		Shares held after the IPO	
			No. of Shares	% of %	No. of Shares	% of %	No. of Shares	% of %
YM Raja Mohd Nazri Bin Raja Abd Malek	S-1, Jalan Umbun, Taman Setapak, Gombak Bt 41/2, 53000 Kuala Lumpur	Shareholder of CSM	998,032	0.67	61,082	0.04	936,950	0.54
Khalek Bin Awang	59-3 Level 3, Block E, Platinum Walk, No. 2 Jalan Langkawi Setapak 53300, Selangor	Shareholder of CSM	2,499,868	1.68	152,999	0.10	2,346,869	1.36
Rosdin Bin Hanafiah	E-08-03 Subang Square Jalan SS15/4 47500 Subang Jaya, Selangor	Shareholder of CSM	2,499,868	1.68	152,999	0.10	2,346,869	1.36
Mohd Akob Bin Ahmad	55, Jalan Subang Permai (U6/3), Taman Desa Subang Permai, 40150 Shah Alam, Selangor	Shareholder of CSM	761,824	0.51	46,626	0.03	715,198	0.42
Abdul Mushir Bin Che Chik	No 43, Jalan SS2/45, Sea Park, 47300 Petaling Jaya, Selangor	Promoter, substantial shareholder of TMX	5,138,342	3.45	314,482	0.21	4,823,860	2.80
Wong Kam Yin	Block B-11-3A, 10 Semantan, Damansara Heights, 50490 Kuala Lumpur	Promoter, substantial shareholder of TMX	5,024,986	3.37	307,544	0.21	4,717,442	2.74
			147,188,328	98.74	10,931,200	7.33	136,257,128	79.17

Notes:-

- (1) Based on the issued and paid-up share capital of 149,100,000 Shares after Acquisition of CSM and Acquisition of TMX.
(2) Based on the enlarged issued and paid-up share capital of 172,100,000 Shares after the Public Issue.

3 PARTICULARS OF THE IPO (Cont'd)

3.5 PURPOSE OF OUR IPO

The purpose of our IPO are as follows:-

- (i) To obtain a listing of and quotation for, the entire enlarged issued and paid-up share capital of CSHB on the Main Market;
- (ii) To provide CSHB with access to the capital markets to raise funds such as for R&D, marketing, future expansion and growth;
- (iii) To enhance the stature of our Group in marketing our products and services and to maintain our existing workforce and attract new professionals and skilled workers; and
- (iv) To provide an opportunity for investors and institutions, eligible employees, directors, business associates and the public to participate in the continuing growth of our Group.

3.6 PRICING OF OUR IPO PRICE

We and Kenanga as the **Adviser**, Underwriter and Placement Agent, have determined and agreed on the IPO price of RM0.93 per CSHB Share, after taking into account, amongst others, the following:-

- (a) the net EPS of 6.22 sen computed based on the proforma consolidated PAT of RM 9.27 million for the FYE 2009 and the issued and paid-up share capital after the Acquisition of Subsidiaries of 149,100,000 CSHB Shares, translating to a net PE multiple of 14.95 times based on the IPO Price;
- (b) our Group's financial and operating history and conditions, where our proforma consolidated revenue increased from RM24.62 million for the FYE 2007 to RM30.12 million for the FYE 2009 whilst PAT increased from RM6.48 million for the FYE 2007 to RM9.27 million for the FYE 2009. For further information, please refer to Sections 7 and 8 of this Prospectus; and
- (c) the industry overview, future plans and strategies and outlook of our Group, most notably, the stature of CSM in the public FMSS sector and TMX in the e-payment industry. For further information, please refer to Sections 5.5 and 6 of this Prospectus.

You should note that the market price of CSHB Shares upon listing on the Main Market is subject to the vagaries of market forces and other uncertainties which may affect the market price of CSHB Shares being traded. You should bear in mind the risk factors as set out in Section 4 of this Prospectus and form your own view on the valuation of the Issue Shares before deciding to invest in the Issue Shares.

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3 PARTICULARS OF THE IPO (Cont'd)

3.7 DILUTION

Dilution is the amount by which the IPO Price to be paid by the applicants for our Shares exceeds our NA per Share after the Public Issue:-

	Sen
IPO Price	93.0
Audited proforma NA per Share as at 31 July 2010 after the Acquisition of CSM and TMX, based on pre-Public Issue share capital of 149,100,000 CSHB Shares	16.4
Increase in NA per Share after the Public Issue	9.4
Audited proforma NA per Share after the Public Issue and net of estimated listing expenses	25.8
Dilution in NA per CSHB Share to applicants for the Issue Shares	67.2

Our audited proforma NA per Share as at 31 July 2010 after the Acquisition of CSM and TMX but before adjusting for the net proceeds from the Public Issue and based on the pre-IPO share capital of 149,100,000 CSHB Shares is 16.4 sen.

Based on the post-IPO share capital of 172,100,000 CSHB Shares at the IPO Price pursuant to the Public Issue and after deducting the estimated listing expenses, the audited proforma NA per Share of our Group as at 31 July 2010 would be 25.8 sen which is an immediate increase in NA of 9.4 sen per Share and represents a dilution of 67.2 sen per Share (or approximately 72.3%) to applicants for the Issue Shares.

Save as disclosed below, none of our Directors, Substantial Shareholders, Key Management and/or person(s) connected to them has acquired or has the right to acquire any Share(s) during the past three (3) years prior to the date of this Prospectus:-

	Year of Entry	Number of Shares	Consideration	Effective cash cost
<u>Substantial Shareholder:</u>				
Censof	2008	106,794,327	- ⁽¹⁾	-
Mavcap I	2009	8,091,054	4,600,000 ⁽²⁾	RM0.57 ⁽⁷⁾
Mavcap II	2005	4,025,000	1,633,333 ⁽³⁾	RM0.41 ⁽⁷⁾
Expedient	2009	7,035,699	4,000,000 ⁽⁴⁾	RM0.57 ⁽⁷⁾
<u>Director</u>				
Abdul Mushir Bin Che Chik	2002	5,138,342	2,085,125 ⁽⁵⁾	RM0.41 ⁽⁷⁾
<u>Key Management</u>				
Wong Kam Yin	2002	5,024,986	2,039,125 ⁽⁶⁾	RM0.41 ⁽⁷⁾

Notes:-

- (1) As part of an internal restructuring, Samsul bin Husin and Ameer bin Shaik Mydin who were substantial shareholders of CSM since 2002, had transferred their entire shareholdings in CSM to Censof, which resulted in 106.79 million CSHB Shares being issued to Censof pursuant to the Acquisition of CSM

3 PARTICULARS OF THE IPO (Cont'd)

- (2) Being the cash consideration paid by MAVCAP for the acquisition of 6.08% interest in CSM at a consideration of RM4,600,000. These shares were acquired by CSHB via 8.09 million CSHB Shares being issued to MAVCAP pursuant to the Acquisition of CSM.
- (3) Being the cash consideration paid by MAVCAP for the acquisition of 25.00% interest in T-Global at a consideration of RM1,633,333. These shares were acquired by CSHB via 4.03 million CSHB Shares being issued to MAVCAP pursuant to the Acquisition of TMX .
- (4) Being the cash consideration paid by Expedient for the acquisition of 5.29% interest in CSM at a consideration of RM4,000,000. These shares were acquired by CSHB via 7.04 million CSHB Shares being issued to Expedient pursuant to the Acquisition of CSM.
- (5) Being the cash amount invested by Abdul Mushir bin Che Chik to set up TMX amounting to RM2,085,125. These shares were acquired by CSHB via 5.14 million CSHB Shares being issued to Abdul Mushir bin Che Chik.
- (6) Being the cash amount invested by Wong Kam Yin to set up TMX amounting to RM2,039,125. These shares were acquired by CSHB via 5.02 million CSHB Shares being issued to Wong Kam Yin.
- (7) Based on cash consideration divided by the number of CSHB Shares held after the Acquisition of Subsidiaries.

3.8 PROCEEDS FROM OUR IPO AND PROPOSED UTILISATION

The gross proceeds amounting to RM21,390,000 will accrue entirely to our Group and is intended to be utilised as follows:-

Proposed Utilisation	RM'000	%	Expected time frame for utilisation
R&D expenditure	6,000	28.05	Within three (3) years from the date of receipt
Business expansion & capital expenditure	4,890	22.86	Within three (3) years from the date of receipt
Working capital	4,000	18.70	Within three (3) years from the date of receipt
Repayment of bank borrowings	4,000	18.70	Within six (6) months from the date of receipt
Estimated listing expenses	2,500	11.69	Within six (6) months from the date of receipt
	21,390	100.00	

(a) R&D expenditure

The amount of RM6,000,000 is proposed to be utilised for the recruitment of new R&D staff (an indicative headcount of 45 personnel for both CSM and TMX over the next two (2) years), provision of training and resources to strengthen the current the R&D team, as well as the future development of products of our Group. Please refer to Section 5.4.10(ii) for more information on the future development and development timeframe of products of our Group. The allocation from the proceeds is expected to be utilised in accordance to the following breakdown:-

	RM
Recruitment of R&D staffs	780,000
Training and resources	300,000
Development of new applications / solutions	4,920,000
TOTAL	6,000,000

The recruitment of R&D staffs encompasses employee search services provided by job recruitment companies and job advertisements. The nature of training and resources to be provided to the R&D team comprises of training in development methodology, programming and databases as well as operating system technologies. The costs involved for the development of new applications / solutions include the following:-

- specification and review of new application and solution;
- unit, functional, performance and load testing;
- programming and coding;

3 PARTICULARS OF THE IPO (Cont'd)

- analysis of new technologies;
- development of proof of concepts to confirm suitability for use in production applications; and
- purchase of hardware or expansion of hardware to provide additional capacity as well as related software and databases licenses.

Our Group is constantly looking into the development of new revenue generating software/ products to ensure continuous growth in revenue.

In the event that total estimated cost exceeds proceeds allocated, we will fund the remaining cost via internal generated funds.

(b) Business expansion & capital expenditure

Our Group proposes to allocate RM4,890,000 for future business expansion and capital expenditure, focusing on penetration into the Government, commercial and financial sectors. The total estimated cost of business expansion and capital expenditure required by our Group is approximately RM4.89 million. Such business expansion and capital expenditure may include expansion into neighbouring countries. As at LPD, our Group has made the following steps as part of our business expansion efforts:-

- Indonesia – CSM has conducted initial market assessments with a number of potential local resellers;
- Cambodia – Local resellers have been identified to pursue business opportunities within Cambodia's public sector. Furthermore, CSM has also participated in some World Bank / Asian Development Bank tenders; and
- Brunei – CSM has submitted three (3) tenders and was shortlisted to make presentation to some ministries.

In Malaysia, CSM has established and understand certain business segments well, i.e. statutory bodies, educational institutions, port authorities and development authorities. CSM will bring this experiences to the countries specified.

The expected business expansion required for our Group comprise inter-alia establishment of regional sales team, staffing and resources, promotional activities, travelling and other related expenses.

The expected capital expenditure required for our Group comprise of office setup and office equipment such as servers, furniture fittings, software, and office renovation.

For further information on our Group's future business expansion and capital expenditure, please refer to Section 5.5.1(B) of this Prospectus.

In the event that total estimated cost exceeds proceeds allocated, we will fund the remaining cost via internal generated funds.

(c) Working Capital

Our Group proposes to allocate RM4,000,000 for our working capital requirements such as staff salaries, marketing expenses, travelling expenses, rental and branding in the following manner:-

	RM
Staff salaries	2,000,000
Marketing expenses	400,000
Travelling expenses	400,000
Rental	800,000
Branding – exhibition, road shows, advertisement to enhance corporate image	400,000
TOTAL	4,000,000

3 PARTICULARS OF THE IPO (Cont'd)

(d) Repayment of bank borrowings

Our Group proposes to allocate RM4,000,000 for repayment of the entire bridging financing facility obtained from Kenanga for working capital purposes, i.e. funding cost of sales and other related operating expenses including staff salaries and travelling expenses, which carries a minimum all in rate of 7.25% per annum and is due to mature in March 2011. The repayment of the facility is expected to result in approximately RM290,000 in annual interest savings and improve the gearing of our Group by reducing the debt-equity ratio from 0.19 times to 0.02 times.

The terms of the facility are in the ordinary course of Kenanga's business transactions undertaken at an arm's length basis and are not more favourable to our Group than those generally available to similar facilities granted by Kenanga. For further details, please refer to Section 11.8 of this Prospectus.

(e) Estimated Listing Expenses

The estimated RM2,500,000 in respect of expenses and fees incidental to the Listing shall be borne by our Company. Our Listing is estimated to comprise the following:-

	RM
Professional fees	1,100,000
Fees payable to authorities	117,105
Underwriting commission, brokerage and placement fee	748,650
Issuing house fees and expenses	60,000
Advertisement and printing	330,000
Miscellaneous	144,245
TOTAL	2,500,000

If the actual R&D expenditure, business expansion & capital expenditure and estimated listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual R&D expenditure, business expansion & capital expenditure and estimated listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

There is no minimum subscription to be raised from the IPO.

The Offer for Sale will raise total gross proceeds of RM10,166,016, before deducting the Offerors' share of the estimated expenses which includes management, placement and transfer fees relating to their respective portion of the Offer for Sale. All the proceeds from the Offer for Sale will be credited to the Offeror and we will not receive any part of the proceeds.

Pending the actual utilisation of the proceeds earmarked for R&D expenditure and working capital purposes as well as identification of appropriate business opportunities in relation to our business expansion and capital expenditure plans, the proceeds will be placed in interest bearing deposits with licensed financial institutions.

3.8.1 Financial Impact from the Utilisation of Proceeds

Save for the proforma financial impact arising from the utilisation of proceeds on our consolidated balance sheets as set out in Section 7.2 of the Prospectus, other foreseeable financial impact and benefits from the proceeds of the Public Issue include the following:-

- (i) Increase our Group's revenue and earnings potential, in both the local market and via overseas expansion, intensifying R&D activities and product development as well as the enhancement of our e-payment services via the development of our e-Bayaran portal; and
- (ii) Reducing the Group's overall gearing and financial obligations.

The abovementioned benefits are expected to enhance our earnings in the future. In addition, the Public Issue will raise RM4,000,000 for working capital, which is expected to improve the liquidity and cash flow position of our Group.

3 PARTICULARS OF THE IPO (Cont'd)

3.9 BROKERAGE, UNDERWRITING AND PLACEMENT COMMISSION

(a) **Brokerage Fees**

Brokerage fees relating to the Issue Shares are payable by us at the rate of 1.0% of the IPO Price in respect of successful applications, which bear the stamps of Kenanga, or the Issuing House, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or members of the Malaysian Investment Banking Association.

(b) **Underwriting Commission**

Kenanga, as the Underwriter, has agreed to underwrite 14,450,000 of the Issue Shares, which will be made available for application by our eligible directors, employees and business associates, and for application under the public offer. Underwriting commission is payable by us to the Underwriter at the rate of 2.5% of the value of the Issue Shares underwritten (being the number of Issue Shares underwritten multiplied by the IPO Price).

(c) **Placement Commission and Placement Management Fee**

Kenanga has arranged for the placement of the Issue Shares at a rate of 2.0% of the value of IPO Shares that have been successfully placed by Kenanga (being the number of IPO Shares placed out by Kenanga multiplied by the IPO Price). A management fee is payable by us to Kenanga, at a rate of 0.5% of the aggregate value of IPO Shares under the private placement (being the aggregate number of IPO Shares under the private placement multiplied by the IPO Price and Offer Price , respectively).

3.10 SALIENT PROVISIONS OF THE UNDERWRITING AGREEMENT

The following are the reproductions of some of the salient clauses extracted from the Underwriting Agreement ("UWA") entered into between us and the Underwriter on 29 December 2010, including escape clauses, which may allow the Underwriter to withdraw from obligations under the agreement after the opening of the offer. Terms defined in the UWA shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

"Agreement to Underwrite"

- 2.1 *In consideration of the agreement to pay by the Company of the underwriting commission, the Underwriter, hereby relying upon each of the representations, warranties and undertakings by the Company set out in Clause 3 of the UWA, agrees to underwrite an aggregate of 14,450,000 Shares upon the terms and conditions contained in the UWA.*
- 2.2 *The Underwriter shall not be responsible for any failure by the Company to meet its obligations hereunder nor shall such failure relieve the Company of its obligations hereunder and nothing in the UWA shall be construed as constituting or evidencing a partnership between the Underwriter and the Company.*
- 2.3 *The obligations of the Underwriter under the UWA are conditional upon:-*
- 2.3.1 *the UWA having been duly executed by all the parties and duly stamped;*

3 PARTICULARS OF THE IPO (Cont'd)

- 2.3.2 *there having been on or prior to the closing date, neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial or otherwise) of the Company, which is material in the context of the Listing, Public Issue and Offer for Sale from that set forth in the Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material, which makes any of the representations and warranties contained in Clause 3 of the UWA untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3 of the UWA;*
- 2.3.3 *the completion of the placement of the Private Placement Shares and Offer for Sale Shares, via receipt by Kenanga of, inter-alia, the relevant offer letters, statutory declarations, irrevocable undertaking letters and/or bank drafts/ cashier's orders from the respective placees;*
- 2.3.4 *the delivery to the Underwriter:-*
- 2.3.4.1 *prior to the date of the registration of the Prospectus, a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the Directors and the shareholders in general meeting approving the UWA, the Prospectus, the Public Issue and authorising the execution of the UWA and the issuance of the Prospectus; and*
- 2.3.4.2 *a certificate, in the form or substantially in the form contained in the **SECOND SCHEDULE** of the UWA, dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 2.3.2 of the UWA.*
- 2.3.5 *the delivery to the Sole Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Directors of the Company as the Sole Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company and its subsidiaries;*
- 2.3.6 *the Underwriter having been satisfied that the Company hereby fully undertakes to ensure payment of the expenses referred to in Clause 12 of the UWA;*
- 2.3.7 *the Listing, Public Issue and Offer for Sale not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia after the date of the UWA;*
- 2.3.8 *the Company having complied and that the Listing, Public Issue and Offer for Sale is in compliance with the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;*
- 2.3.9 *the Company having fully complied with all the conditions which are required to be complied with prior to the issuance of the Prospectus or the closing date imposed by the SC and Bursa Securities in respect of the Listing, Public Issue and Offer for Sale and the Company's proposed listing on the Main Market of Bursa Securities;*

3 PARTICULARS OF THE IPO (Cont'd)

- 2.3.10 *the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the Listing and the lodgement of the Prospectus with the Companies Commission of Malaysia on or before its release;*
- 2.3.11 *Bursa Securities has agreed and approved in principle on or prior to the closing date to the admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Securities and the SC (as the case may be) having approved the Prospectus and if such approvals shall be conditional, all conditions thereto being in terms acceptable to the Underwriter on or prior to the closing date being reasonably satisfied and such approval not being withdrawn, revoked, suspended, terminated or lapsed and that such listing and quotation shall be granted two (2) clear market days after the submission to Bursa Securities of the relevant documents including the receipt of confirmation from the Bursa Depository confirming that the securities accounts of all successful applicants have been duly credited and the issue house has confirmed that the notices of allotment have been despatched to entitled holders;*
- 2.3.12 *the Prospectus having been issued within one (1) month of the date hereof or within such extended period as may be determined by the Underwriter;*
- 2.3.13 *the issue of the Issue Shares having been approved by Bursa Securities, SC and any other relevant authorities and the shareholders of the Company in a general meeting and such authorisation has not been withdrawn, revoked, suspended, terminated or lapsed; and*
- 2.3.14 *all necessary approvals and authorisations required in relation to the Issue Shares (apart from those already set out above) including but not limited to governmental approvals having been obtained and are in full force and effect.*
- 2.4 *If any of the conditions set out in Clause 2.3 of the UWA is not satisfied by the closing date, the Sole Underwriter shall thereupon be entitled to terminate the UWA and in that event, except for the liability of the Company for the payment of costs and expenses as provided in Clause 12 of the UWA incurred prior to the termination and any claims pursuant to Clause 3.3.1 of the UWA, there shall be no further claims by the Underwriter against the Company, and the parties shall be released and discharged from their respective obligations hereunder PROVIDED THAT the Underwriter may at its discretion with respect to its obligations waive compliance with any of the provisions of Clause 2.3 of the UWA.*

Termination/ Lapse of UWA

- 8.1 *Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time before the closing date, terminate, cancel or withdraw its commitment to underwrite the underwritten shares if:-*
- 8.1.1 *there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3 of the UWA, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Underwriter within such number of days as stipulated by the Underwriter to the Company in writing or as stipulated in the notice informing the Company of such breach or by the closing date, whichever is earlier; or*

3 PARTICULARS OF THE IPO (Cont'd)

8.1.2 *there is withholding of information which is required to be disclosed "by" or "to" the Sole Underwriter, which is required to be disclosed pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated by the Sole Underwriter to the Company in writing or as stipulated in the notice informing the Company of such breach, which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Company, the success of the Listing, or the distribution or sale of the Issue Shares; or*

8.1.3 *there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of the Company; or*

8.1.4 *there shall have occurred, happened or come into effect any of the following circumstances which has an adverse effect on the condition or financial position of the Company:-*

(a) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*

(b) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);*

which, (in the reasonable opinion of the Sole Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company, the success of the Listing, or the distribution or sale of the Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

8.2 *In the event of termination pursuant to Clause 8(1) of the UWA, the respective parties hereto shall, save and except for any antecedent breach, be released and discharged from their obligations hereunder whereupon the UWA shall be of no further force or effect subject to the following:-*

8.2.1 *the liability of the Company for the payment of costs and expenses as provided in Clause 12 of the UWA incurred prior to or in connection with such termination shall remain;*

8.2.2 *the liability of the Company for the payment of the underwriting commission as provided in Clause 6 of the UWA shall remain;*

8.2.3 *subject thereto, the Company shall return any moneys paid without interest thereon to the Underwriter within three (3) market days of the receipt of such notice of termination from the Underwriter;*

Provided that the Underwriter may at its discretion waive compliance with or modify any of the provisions of this clause without prejudice to its powers, rights and remedies under the UWA.

3 PARTICULARS OF THE IPO (Cont'd)

8A Force Majeure

- 8A.1 *Notwithstanding anything herein contained, it will be an event of force majeure if one of the following occurs:-*
- 8A.1.1 *any material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously and adversely affects or will seriously and adversely affect the business of the Company;*
- 8A.1.2 *any change in national or international monetary, financial, political or economic conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia or overseas) or currency exchange rates or an occurrence as a result of an act or acts of God or in the event of national disorder, armed conflict or serious threat of the same, hostilities, embargo, severe economic dislocation, natural catastrophe, earthquake, typhoon, outbreak of war, outbreak of disease or the declaration of a state of national emergency which seriously and adversely affects (1) the business of the Company or (2) the success of the Public Issue;*
- 8A.1.3 *the FTSE Bursa Malaysia KLCI falling below 1200 points and remaining below 1200 points for three (3) consecutive market days;*
- 8A.1.4 *the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for three (3) consecutive market days.*
- 8A.2 *In the event of a force majeure pursuant to Clause 8A.1 of the UWA, the Underwriter may, subject to prior consultation with the Company, at any time prior to or on the Closing Date:-*
- 8A.2.1 *terminate the UWA by giving notice to the Company in the manner as set out in Clause 13 of the UWA; or*
- 8A.2.2 *request for the closing date to be extended to such reasonable date as the Underwriter may decide.*
- 8A.3 *Upon delivery of the notice of termination pursuant to Clause 8A.2.1 of the UWA and in the manner as set out in Clause 13 of the UWA, the UWA will terminate whereafter each party's rights and obligations will cease and none of the parties will have any claim against each other save and except such claims in respect of the costs and expenses of the Underwriter set out in Clause 12 of the UWA.*
- 8A.4 *The delivery of a request under Clause 8A.2.2 of the UWA shall not preclude the Underwriter from giving any further request(s) for extension pursuant to Clause 8A.2.2 of the UWA or giving a notice to terminate pursuant to Clause 8A.2.1 of the UWA.*

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4 RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) AND RANKED IN ORDER OF PRIORITY BASED ON OUR EVALUATION, THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE APPLYING FOR THE IPO SHARES.

4.1 BUSINESS RISKS

4.1.1 Our Group

(a) Any changes to the availability of technical resources may have a material impact on our Group's business and performance

The availability of software developers and IT personnel are critical to our success. Further, an in-depth understanding of Government accounting practices and/or web payment security is necessary to maintain competency at the highest level and meet industry standards. To ensure this, we conduct internal training and continuously send our employees for courses.

We have not encountered any major problems in staff turnover as evidenced by support received from several key management personnel who have been with us since the early days, as well as the growing number of employees recruited. Historically, our staff turnover has been low with no major staff shortage. Nonetheless, we are always on the lookout to recruit capable staff to join our team. As at LPD, we have a total of 72 software developers and IT personnel.

Our Management recognises the importance of equipping our personnel with the appropriate expertise, therefore, great importance is placed on human resources development, in particular, in the areas of recruitment, development, training and retention of qualified staff, as a basis to increase our knowledge workforce. We conduct yearly assessment of staff requirements and ensure that our staff attends certain training or courses during the year that are relevant to their field of work e.g. Prince 2. Prince 2 is an acronym for PProjects IN Controlled Environment. It is a project management methodology developed by the United Kingdom Office of Government Commerce, which covers the organisation, management and control of projects. We also encourage our staff to propose certain courses which they feel would benefit their work.

Any changes to the availability of technical resources may have a material impact on our Group's business and performance. Without the necessary skilled personnel, our Group may be unable to complete the projects on schedule which may result in loss of customers' confidence.

(b) The loss of business licenses may affect the financial performance of the Group

Our subsidiaries, CSM and TMX, have been granted MSC Malaysia Status by MDeC, the governing body of MSC. This status accords CSM and TMX with certain incentives granted under the Government's Bill of Guarantees for MSC Malaysia Status companies and includes a five (5) year exemption from Malaysian income tax, renewable for another five (5) years. Nevertheless, there can be no assurance that CSM and TMX will continue to retain its MSC status and/or that CSM and TMX will continue to enjoy or not experience delays in enjoying the MSC incentives, all of which could adversely affect our Group's operating results and financial position. Further, there can be no assurance that the MSC incentives will not be changed or modified in any way in future.

4 RISK FACTORS (Cont'd)

Both CSM and TMX have also been awarded Bumiputera and MoF contractor license by MoF. These licenses allow CSM and TMX to undertake Government related projects/contracts and revocation of this license might affect our future after tax earnings and/or our ability to secure Government projects/contracts in future. In order to maintain these licenses, we have to ensure that we continue to comply with, amongst others, the minimum Bumiputera equity requirement. As at the LPD, we are held 82.88% by Bumiputera shareholders. Subsequent to our IPO, we are held 66.81% by Bumiputera shareholders.

Moving forward, our Group will continue towards retaining our MSC Malaysia Status, Bumiputera and MOF contractor licenses.

(c) The risks of system failures may adversely affect the business operations of our Group

Similar to other businesses, we are susceptible to the emergency and security risks in the form of system disruptions, computer viruses and other adverse events. Such incidences may affect the operational and financial performance of our Group. Our Management recognises these risks and accordingly, implemented risk management practices and pre-emptive measures as follows:-

- (i) Regular back-up - Based on a classification data schema, all confidential, valuable, or critical information residing in our Group's computer systems and networks are periodically backed-up. The back-up method used is based on the following guidelines:-
 - (a) If the system supports more than one individual and contains data that is critical to the day-to-day operations, then back up is required daily, e.g., e-mail, financial data, RFS.
 - (b) If the system is used to support job-related functions, then back up is required weekly/monthly, e.g., released patches, work process & procedures, forms and templates.
 - (c) If the system is primarily used as a personal productivity tool and contains no data that would be classified as job or departmental in nature, then back up is at the discretion of the individual user.
- (ii) All new application versions must be copied prior to its initial usage, and such copies (could be assimilated as master copies) must be stored in a secure location. These master copies will not be used for normal implementation activities, but will be reserved for recovery from computer virus infections, hard disk crashes, and other computer problems.

(d) Dependence on IP

Our Group's success, to a certain extent, also depends on our ability to protect our technology know-how. There can be no assurance that our Group will be able to protect our intellectual property against unauthorised third party copying, use or exploitation, which could have material adverse effects on our Group's business, operating results and financial positions.

Our management however believe that the risk of unauthorised copying is relatively low due to the strict access authorisation to our know-how. As an example, our FMSS application source code is hosted internally in an in-house server and externally in a server located overseas where access is given to the authorised developers only, comprising, development, quality assurance and system administration staff.

4 RISK FACTORS (Cont'd)

As such, it is highly unlikely that an unauthorised entity can access the system. When there is access by the authorised developers to the server and any attempts to make any changes to the source code, the system log will record the user ID, date, time and the changes made. In addition, the version control system will then update the software version accordingly.

Similarly, all financial and marketing information are only accessible by the authorised personnel within the respective department only (using individual access ID and password). Thus, leakage of information is minimal and can be easily detected. There is also control for new users who join our Group and staff resigning from our Group for access/user ID, creation or deletion of emails.

Despite the strict controls, there is no assurance that we can completely prevent existing and/or outgoing staff (users) from copying valuable information which our Group consider as trade secret.

We ensure that the employment contracts of all our staff contains the relevant IP protection clauses, which will effectively limit the possibility of direct copying of our application products, for a limited period, especially by employees who have just tendered their resignation and would still be in service to complete their three-months notice. In addition, our Group would also be reviewing the existing information access procedures, strengthening the control and reporting mechanism.

(e) Dependence on key management or key technical personnel may impair our operations and materially affect our business, operational results and financial condition, should they leave their employment with our Group

Our Group's future performance depends to a significant extent on the continued efforts, abilities and the networking of our key management and key technical personnel. This is one of our Group's key success factors and the loss of services of these personnel may have a material adverse effect on our Group.

Thus, a management succession plan is introduced in our Group to minimise any material adverse effect on our Group's performance from the loss of the services of any of these individuals. To attain this, we plan to train and groom our key personnel to assume greater responsibilities so that in the future, our operations will be run by a professional team with less dependence on a few key members of the Management. The employees are sent to various courses and seminars to enhance their knowledge and broaden their business network. We also believe that by increasing our profile through the listing on the Main Market, we will be able to attract able and qualified personnel to play an active role in the growth of our Group.

However, there can be no assurance that our Group will be successful in retaining or recruiting qualified personnel. Any failure to expand or retain the key personnel may materially and adversely affect our Group's overall business, operating results and financial position.

(f) Development/ R&D risks

As this is an important area, 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 schedule so as to enable the roll-out of new or enhanced products and services on a timely basis, in line with market requirements and expectations.

4 RISK FACTORS (Cont'd)

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

4.1.2 FMSS Division

(a) Delay in completion of projects and collection of receivables from customers may impair the cash flow of CSM

Most of CSM's contracts are entered into on a project basis. Due to the complexity of the projects, they are subject to the following risk factors:-

(i) Delay in completion of projects

Completing projects on time may be affected by external factors which may be beyond CSM's control e.g. unavailability of client records and delay in information from clients. Accordingly, any delay caused by the abovementioned external factors may have a direct impact on CSM's cash flow.

CSM believes that its experience in handling similar projects in the past by an experienced and capable project management team coupled with tested methodologies and management system in place would minimise this risk. Further, this division constantly conducts studies on the complexity and specification of each project to ensure smooth implementation and minimise cost overruns. This is vital as most of CSM's projects are awarded via open tenders where the contract value is pre-determined thus any changes in the contract value subsequent to the award would be difficult. However, there is an option available for CSM to propose a variation order should certain changes and/or additions deemed necessary to the project.

Any delays in the implementation of projects and/or inability to satisfactorily complete the projects could result in the termination of the contracts. CSM mitigates this risk through constant discussions with clients to understand their needs and requirements and maintaining a good relationship with them.

(ii) Collections

In most instances, billing can only be done after the project has attained a certain milestone and the amount due collected after that. However, there could be delays in collection that may affect CSM's cashflow, operations and consequently, financial results. The delay could stem from factors beyond CSM's control.

CSM actively monitors its cash flow requirements and CSM believes that with effective cash flow management, there will be adequate funds for working capital to manage its division's operations.

(b) The potential increase in number of SAGA recognised companies may result in a loss of competitive advantage

CSM is presently one of the two (2) companies recognised by the Government to be a SAGA compliant FMSS provider. This recognition puts CSM in an advantageous position as the Development Administration Circular No.1 of 2007, issued by the PMD effective 4 May 2007 asserted the Government's plan to implement SAGA progressively in all its Federal Statutory Bodies.

4 RISK FACTORS (Cont'd)

According to the Activity of the Federal Statutory Bodies Report 2009 by the National Audit Department, there are 118 Federal Statutory Bodies in the Government. However, there can be no assurance that CSM will retain this advantage in the future which could consequently materially and adversely affect its business, operating results and financial condition.

Moreover, any new companies added to the recognition list could reduce the above advantage. Nevertheless, CSM believes there is a natural barrier to entry for new entrants as corroborated by D&B in their IMR Report as follows, "To service Federal Statutory Bodies, FMSS providers must be mandated by the Government and their solutions must meet all SAGA specifications and requirements. In addition, SAGA-compliant FMSS providers need to possess the expertise and domain knowledge in servicing Government agencies, such as, understanding the financial reporting structure, the preparation of Government financial statements and reports and the inter-agency reporting. These factors create a natural barrier to entry for new entrants".

Notwithstanding the above, CSM acknowledges that it is up to the relevant Government agency or body to determine which FMSS provider to appoint. However, they would have to ensure that the FMSS provider selected, is recognised by ANM, MAMPU and Auditor General and is able to deliver such FMSS that complies with SAGA requirements and/or relevant Government accounting standards and practices mentioned above.

(c) The lack of long term contracts limits CSM's ability to secure long term and consistent streams of income from its customers

CSM has historically and presently not entered into any long term contracts with its customers on the provision of its products and services other than maintenance services contracts whose tenure typically range between one (1) to three (3) years. Generally, any contract entered into spans over a period of 2 to 15 months, depending on the complexity of the project. The lack of long term contracts is mainly due to the present practice where organisations in Malaysia do not normally allocate a huge budget for FMSS. Consequently, the financial performance of CSM would be dependent on its ability to continuously secure new contracts on a consistent basis. Failure to do so may have a material adverse impact on CSM.

(d) Dependence on the public sector may materially impact CSM's business, operational results and financial condition if it is not able to diversify its source of income

For the 7-months FPE 31 July 2010, revenue from Government contracts forms approximately 98.6% of CSM's total revenue. The above is largely due to CSM's present strategy to emphasise on the public sector as it is currently a huge niche market to CSM.

There can be no assurance that CSM will continue to secure contracts from the Government agencies and the inability to do so will have a significant impact on its revenue and profitability. CSM takes cognisance of the risk of dependence on one sector of customers and accordingly, have begun to market and introduce its products to the private sector as well as widening the range of our products and services. In the medium to long term, CSM also plans to be more aggressive in marketing its products to the private sector.

(e) The risk of CSM's customers' product warranty claims which may adversely affect its business, operational results and financial condition

As set out in the contracts CSM enters into with its clients, CSM provides, in the ordinary course of its business, product warranties to its clients. These product warranties are for fixed durations ranging from one (1) year to three (3) years. The product warranties provided by CSM vary from contract to contract but generally include the following warranties:

4 RISK FACTORS (Cont'd)

- (i) that the products supplied to CSM's clients are new, genuine, unused (save for purposes of quality control testing) and free from encumbrances;
- (ii) that the products are free from defects in material and workmanship and design, use of sub-standard materials or inadequate design or implementation of the hardware and/or software;
- (iii) that the products conform to its standard specifications when used in the specified operating environment customised to suit CSM's clients requirements;
- (iv) that CSM will replace or rectify and repair any defective products, products which interruption to the clients' operations occur, or products which contain errors, bugs, or deficiencies; and
- (v) liability to pay liquidated damages to the client if CSM fails to replace or rectify any such defects in the products within the turnaround period as specified in the contracts.

To minimise this risk, CSM is in constant discussions with its clients to ensure that their requirements and needs are fully understood and addressed. For products provided to CSM's clients which are sourced from third party suppliers and/or manufacturers such as hardware, operating systems and databases, CSM also enters into back-to-back warranty arrangements with the third party supplier and/or manufacturer.

4.1.3 Payment Aggregation Software Division

(a) Dependence on a limited customer base

For the last three (3) FYE 2009 and 7-months FPE 31 July 2010, an average of approximately 77.5% of TMX's total revenue were contributed from Bank Rakyat, MBF Cards (M) Sdn Bhd and RHB Bank Berhad.

TMX has taken steps to mitigate the risk of dependency on the abovementioned customers by expanding its clientele. Other efforts taken include TMX's expansion into Thailand and widening the range of its products and services, such as, e-Collection and Islamic Financial Portal. However, there can be no assurance that TMX will be successful in diversifying its customer base. Any adverse development in its relationship with the abovementioned customers will have a significant impact on its revenue and profitability. TMX's contract with MBF Cards (M) Sdn Bhd has been renewed and TMX has also diversified its earnings base by tying up with several software providers, such as Sage-UBS, HRSC and CSM. For more details on TMX's collaboration with these software providers, please refer to Section 5.1.3 of this Prospectus.

(b) Lack of market acceptance of TMX's products may adversely affect its business, operational results and financial condition

TMX's applications cater to large corporations and SMEs. Hence, it is crucial that its software capture the users' confidence in continuously accessing its services. The business community will not acknowledge its software unless the information is sufficient, accurate, up-to-date and secure.

TMX mitigates the above risks by updating the information posted on its portal on real time basis and ensuring the security of its site. Measures taken to secure its site include adopting firewalls and compliance to Secure Sockets Layer certifications that creates a secured connection between TMX's users/ customers, panel banks and TMX's server, over which any amount of data can be sent securely. Besides that, TMX also endeavours to continuously educate the business community on the greater efficiencies and conveniences afforded by its applications.

4 RISK FACTORS (Cont'd)

4.2 RISKS RELATING TO THE INDUSTRY

4.2.1 FMSS Division

- (a) **The FMSS industry is highly competitive and our failure to remain competitive in the FMSS industry will have an adverse impact on CSM's business, operational results and financial condition**

Competition in the FMSS industry is very intense. CSM has and will continue to experience intense competition from the present and future competitors, both local and foreign. Well established foreign FMSS companies in particular, may have significantly greater financial resources and manpower coupled with better name recognition in the market, allowing them to penetrate the new market with greater ease. CSM may also face competition from new market entrants. Generally, competition may arise in terms of pricing, market reputation, product and service quality.

Notwithstanding, CSM is able to offer a comparable level of quality and service in its FMSS as those offered by SAP and Oracle but at a more competitive price.

CSM's Directors believe that for the Government sector, the ability of CSM to successfully sell and implement its products in more than 70 Government agencies is a good track record that provides an important competitive edge over most of the other players in Malaysia.

This is so as "FMSS providers who have established a strong presence within the public sector and possess a proven track record in serving governments are usually considered preferred FMSS providers due to their entrenched positions" (Source: IMR Report prepared by D&B Malaysia).

CSM's Directors are also of the view that with more than 10 years of experience and know-how in the FMSS industry, CSM's high quality services and increasing recognition in the domestic market will enable it to compete more effectively. The SAGA recognition will also provide a significant competitive edge to CSM as it is not simple for a company to be recognised by ANM, MAMPU as well as the Auditor General as it requires the particular Company to possess the expertise and domain knowledge in servicing Government agencies, such as, understanding the financial reporting structure, the preparation of Government financial statements reports and the inter-agency reporting.

Notwithstanding the above, CSM will continue to take other pro-active measures to mitigate competitive risks, which include constant reviews of its development and marketing strategies in response to the ever-changing economic conditions and market demand and the adoption of different development concepts and marketing strategies that will enable its products to serve the needs of the target market. CSM also strives to have a strategic partnership with companies or organisations that can provide niche market businesses to it, be it locally or abroad.

- (b) **Failure to keep up with rapid changes in technology may limit CSM's ability to cope with its customer demands which will have an adverse effect on its business**

The FMSS industry is characterised by rapid changes and advancements in the FMSS and ICT industry, customer demands and evolving industry standards. As such, CSM is dependent on its ability to address these factors effectively and promptly, where its inability to do so may have a material impact on its business.

4 RISK FACTORS (Cont'd)

CSM ensures the development of its technical expertise through in-house R&D efforts. In addition to doing in-house research, CSM keeps abreast with the latest technology by sending its management staff abroad to attend international trade fairs and meetings with industry specialists such as World Congress on IT and World Congress of Accountants as well as attending and participating in accountants or IT conferences. Further, to expedite the development of certain applications that complement its existing product, CSM has entered into and will continue to have strategic alliances with companies that already have those solutions ready, as it has done with Interactive Reporting and Maxiplan.

4.2.2 Payment Aggregation Software Division

(a) Internet infrastructure breakdown may adversely affect TMX's response time to customer

TMX's payment and collection solutions are hosted in a highly secure data centre and accessible 24-7 by the subscribers via Internet browsers. TMX's servers are hardened and configured based on the industry standard and best practices to avoid Internet threats and provide a safe environment for its subscribers to do their transactions.

The transactions will be transferred to TMX's panel banks via a secured FTP method. In the event of an Internet breakdown, the automated transfer process via the Internet cannot take place. TMX's operation support personnel will have to contact the panel banks and send the encrypted transaction manually through an alternate media to ensure the transaction reach the banks. Nevertheless, this may cause a delay in payment or collection for TMX's customers, which normally would not exceed one (1) working day.

(b) Security risk

TMX operates in an environment where its operations are exposed to risks of computer viruses, industrial espionage, theft, hacking and fraud. Security breaches on its software may lead to unexpected capital expenditure and cause a loss in revenue and reputation. TMX's products are designed to facilitate retail and wholesale transaction processing, which includes the provision of personal and confidential particulars such as banking details, identification card number and other personal information over the Internet. As a result, the integrity of the security of its software is vital to ensure market acceptance and continuous support of its products. TMX's product may be vulnerable to unauthorised use or other improper activities that could jeopardise the security information. Problems caused by security breaches could result in delay, loss of revenue, loss of market share, failure to achieve market acceptance, diversion of R&D resources, harm to reputation, customer claims, legal suits and limited warranty costs.

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

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4 RISK FACTORS (Cont'd)

4.3 OTHER RISKS

(a) Susceptibility to changes to political conditions and economic slowdowns may materially affect product demand for our Group

Similar to other business entities, adverse developments in political, economic and regulatory conditions in Malaysia and other countries in which our Group is or will be operating in may materially and adversely affect the results and business prospects of our Group unfavourably. Other political uncertainties that could unfavourably affect our Group include changes in political leadership, expropriation, nationalisation, re-negotiation or nullification of existing sales orders and contracts, changes in interest rates and methods of taxation and currency exchange rules and contracts.

Whilst our Group strives to continue taking effective measures such as prudent financial management and efficient operating procedures, there is no assurance that any adverse political, economic and regulatory factors will not materially and adversely affect our Group.

(b) Control by our Promoters

Upon completion of the IPO, the promoters of CSHB Group, namely Censof Sdn Bhd, Samsul bin Husin, Ameer bin Shaik Mydin, Tamil Selvan A/L M. Durairaj, Ang Hsin Hsien, Abdul Mushir bin Che Chik and Wong Kam Yin, will effectively and collectively hold an aggregate of 107,876,679 Shares (direct shareholding), which represents approximately 62.68% of the enlarged issued and paid-up share capital of CSHB and hence will be the controlling shareholders of our Group.

As a result, it is likely that the said Promoters will be able to effectively control the outcome of certain matters requiring shareholder's approval, including the constitution of the Board. Depending on how they choose to vote and because of the size of their collective shareholding, the controlling shareholders will have a significant influence over matters requiring the shareholders' approval, unless they are required by law and/or the relevant authorities to abstain from voting.

Nonetheless, our Group has formed an Audit Committee comprising three (3) independent non-executive directors, as a step towards good corporate governance to ensure that any future transactions involving related parties, if any, are entered into on an arms-length basis.

4.4 RISKS RELATING TO OUR SHARES AND SHARE PRICES

(a) No Prior Market for CSHB Shares

Prior to the Public Issue, there has been no public market for CSHB Shares. There can be no assurance that an active market for CSHB Shares will develop upon the Listing or, if developed, that such a market will be sustained. There can also be no assurance that the IPO Price will correspond to the price at which the CSHB Shares will be traded on the Main Market upon or subsequent to the Listing.

The IPO Price of RM0.93 per Share has been determined after taking into consideration a number of factors, including but not limited to, our Group's financial and operating history and condition, our prospects and the prospects of the industry within which the CSHB Group operates. The price at which CSHB Shares will trade on the Main Market upon or subsequent to the Listing will be dependent upon market forces beyond our control.

4 RISK FACTORS (Cont'd)

(b) Failure or Delays in the Listing

The occurrence of any one or more of the following events (which may not be exhaustive) may cause a delay in, or non-implementation of, the Listing:-

- (i) the Underwriter fails to honour its obligations under the underwriting agreement dated 29 December 2010; or
- (ii) the placees under the Private Placement fail to subscribe for the Issue/ Offer Shares allocated to them; or
- (iii) our Group is unable to meet the public spread requirement, that is, at least 25% but not more than 49% of the total expected enlarged share capital of our Group to be in the hands of at least 1,000 public shareholders at the point of admission to the Main Market.

Although our Board will endeavour to ensure compliance with the various provisions of the Listing Requirements, including, amongst others, the public spread requirements imposed by Bursa Securities, for the success of the Proposed Listing, no assurance can be given that the abovementioned factors will not cause a delay in or the non-implementation of the Listing.

In the event of failure or delay in the Listing, we will return your application monies in full without interest. If such monies are not returned within 14 days after we become liable to repay, the provision of sub-section 243(2) of the CMSA shall apply.

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5 INFORMATION ON OUR GROUP

5.1 HISTORY AND BUSINESS OF OUR GROUP

CSHB's core business is essentially via CSM, which is principally involved in the design, development, implementation and marketing of FMSS and services. Our core and proprietary product, namely Century Financials, comprising CFg, CFc, Century Financials Distribution, Century Financials Retail and SAGA Century, has evolved into a comprehensive FMSS with the ability to process and manage the full spectrum of an organisation's financial transaction requirements with over 43 accounting and related modules.

In line with our plan to continuously expand the business, we had actively looked into avenues to diversify our revenue source as well as to provide more value added services to our customers. During the second half of 2009, CSM initiated discussions with TMX to offer payment gateway services as part of Century Financials by linking with TMX's proprietary payment gateway as a value added service for CSM's customers, namely CFmpg. TMX is a company principally involved in providing service for financial applications, electronic payments and collections solutions, essentially offering SaaS. Besides obtaining a new revenue stream, CSM also intends to leverage on TMX's knowledge to deliver the SaaS model to facilitate the FMSS business.

Leveraging on CSM's strength in the Government sector as well as TMX's strength as the only e-payment gateway provider with a revenue sharing arrangement on collections and payments with six (6) major banks in Malaysia, we conceptualised e-Bayaran, a one-stop B2G portal for businesses to make payments to various government bodies. The main objective of this portal is to assist government bodies such as PZNS, EPF, SOCSO and LHDN by simplifying the process of collecting payments from companies and corporate bodies in a simple and efficient manner using the latest web based solutions as well as electronic payments instead of manual paperwork. Essentially, e-Bayaran is expected to assist and simplify the process for companies and corporate bodies in facilitating monthly payments. The portal is expected to be launched in the first quarter of 2011.

In order to strengthen the business opportunities created by the synergistic benefits between CSM and TMX, both the companies decided to merge the two businesses under one corporate umbrella, culminating in the acquisition by CSHB of the entire equity interest in CSM and TMX. Please refer to Section 5.3 of this Prospectus for further details.

In 2008, CSM disposed its property in KL Sentral and moved to its current office in the same year, which is larger to accommodate the increase in the number of employees and provision of training facilities. For further details, please refer to Section 5.4.2 (B) of this Prospectus.

5.1.1 Information of CSHB

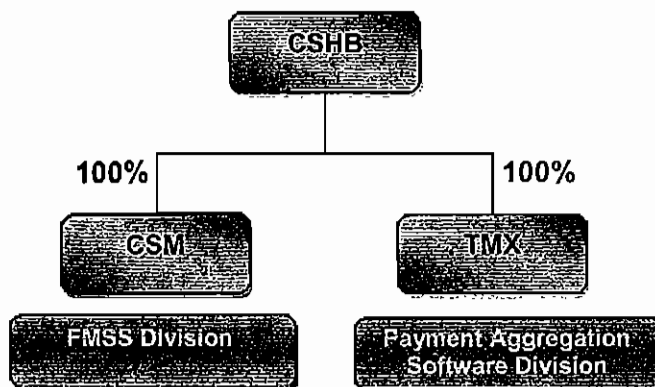
CSHB (Co. No. 828269-A) was incorporated under the present name as a public company in Malaysia on 8 August 2008, under the Act with the objective of being an investment holding company to facilitate our Listing exercise.

As part of the restructuring to form our Group for the Listing, we completed the acquisition of the entire equity interest of CSM and TMX on 15 December 2010 and 20 December 2010 respectively.

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5 INFORMATION ON OUR GROUP (Cont'd)

Our Group's corporate structure is set out below:-



The details of our subsidiary companies are as follows:-

Name	Date and place of incorporation	Equity Interest %	Issued and paid-up share capital (RM)	Principal activities
CSM (MSC-Malaysia status company)	3 September 1997/ Malaysia	100.0	1,000,000	CSM is principally involved in the design, development, implementation and marketing of FMSS and services.
TMX (MSC-Malaysia status company)	24 September 2002 / Malaysia	100.0	5,146,759	TMX is principally involved in providing services for financial applications, electronic payments and collections solutions, essentially offering SaaS.

With CSM and TMX, our Group is principally engaged in two (2) synergistic businesses i.e. the design, development, implementation and marketing of FMSS and services via CSM and providing service for financial applications, electronic payments and collections solutions, essentially offering SaaS via TMX.

As at the date of this Prospectus, our authorised share capital is RM25,000,000 comprising 250,000,000 CSHB Shares and our issued and paid-up share capital is RM14,910,000 comprising 149,100,000 CSHB Shares credited as fully paid-up. Upon completion of the Listing, our issued and paid-up share capital will increase to RM17,210,000 comprising 172,100,000 CSHB Shares credited as fully paid-up.

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

Date of Allotment	No. of ordinary shares allotted	Par Value (RM)	Consideration	Resultant no. of issued and paid-up shares (cumulative)	Resultant issued and paid-up share capital (cumulative) (RM)
08.08.2008	20	0.10	Subscribers' shares	20	2
19.11.2010	132,999,980	0.10	Acquisition of CSM	133,000,000	13,300,000
08.12.2010	16,100,000	0.10	Acquisition of TMX	149,100,000	14,910,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company.

5 INFORMATION ON OUR GROUP (Cont'd)

5.1.2 History and Business of Our FMSS Division

CSM is an end-to-end solutions provider of high-end FMSS, with considerable experience in the development of FMSS for the public sector, having served in this sector for over 10 years. CSM's core and proprietary product, namely Century Financials comprising CFg, CFc, Century Software Distribution, Century Software Retail and SAGA Century, has evolved into a comprehensive FMSS with the ability to process and manage the full spectrum of an organisation's financial transaction requirements with over 43 accounting and related modules. Further information on CSM's products and services are set out in Section 5.4.1 of this Prospectus.

The Government's circular PKPA 1/1996 ("**Circular**") had asserted the Government's plan to implement SAGA progressively in all its Federal Statutory Bodies ("**SAGA Initiative**"). This Circular was subsequently superseded by Development Administration Circular No.1 of 2007, issued by the PMD effective 4 May 2007 with further enhancements to the SAGA Initiative.

The enhancements to the SAGA Initiative are as follows:-

- a) Chart of Accounts – Changes and improvisation of the list of accounts to be applied for the SAGA Implementation;
- b) A clear definition of the modules in the scope of SAGA implementation;
- c) The defining timeframe for the migration to the SAGA system was removed. The circular PKPA 1/1996 enforces a five (5) year timeframe for the migration to the SAGA system;
- d) Changes made to the reporting and presentation format requirements; and
- e) Changes made to the procurement and implementation of the SAGA Guideline.

In essence, the SAGA Initiative was introduced as an important step for the Government to improve efficiency levels of financial management and accounting practices in Federal Statutory Bodies which included maintenance and updating of accounts and execution of audit work, also known as the SAGA Expansion Programme. SAGA sets the guidelines for the preparation of financial statements and financial reports by the Federal Statutory Bodies.

The main objectives of introducing SAGA to Federal Statutory Bodies are:-

- ❖ to provide a facility to maintain a comprehensive and up-to-date set of accounts;
- ❖ to enable closing of accounts on a daily basis;
- ❖ to provide a better financial management accounting facility; and
- ❖ to ensure that the pre-audited financial reports are prepared timely.

(Source: official website of ANM)

Pursuant to the release of the Circular, CSM had worked towards ensuring SAGA Century as being recognised as SAGA compliant. To this end, CSM is proud that its SAGA Century is well accepted by the Government and CSM has been mandated by ANM, MAMPU and Auditor General as a provider of the SAGA Initiative.



ANM



MAMPU



Auditor General

The mandate accorded is not a small feat as besides CSM, there is only one (1) other company, that has been mandated by the Government to provide SAGA compliant FMSS. In addition, CSM's product development, enhancements and professional services are also certified by the International Quality Organisation for MS ISO 9001:2008 and UKAS.

CSM have implemented SAGA Century and CFg in over 70 Government agencies.

5 INFORMATION ON OUR GROUP (Cont'd)

CSM is a local home grown and the leading SAGA compliant FMSS provider to the public sector, having implemented its SAGA system in 62 (approximately 53%) Federal Statutory Bodies. CSM was also the sole FMSS provider under the SAGA Expansion Programme Phase I, Phase II and Phase III (Source: IMR Report prepared by D&B Malaysia).

CSM believes that having serviced the Malaysian public sector for over 10 years is a testament of its competence in meeting the stringent requirements of the Government.

The growth period of CSM began in 2000, when Century Financials was the first SAGA compliant FMSS to become Y2K compliant between the two (2) SAGA compliant FMSS providers mandated by the Government, enabling CSM to capture the market share in the Federal Statutory Bodies sector. Since then, CSM has established a credible track record for the SAGA Expansion Programme when it secured all the contracts under Phase I and Phase II of the SAGA Expansion Programme.

In addition to the contracts CSM secured above, it was also awarded the contract to upgrade the SAGA versions of 16 Government Agencies, i.e., Phase III. The Government Agencies involved in the upgrade programme comprise some from those under Phase I of the SAGA Expansion Programme and those before the Phase I SAGA Expansion Programme was introduced. In 2009, CSM was also awarded the contract under Phase IV of the SAGA Expansion Programme.

The details of the projects secured under the SAGA Expansion Programme are as follows:-

PHASE I – New Installation of SAGA				
No	Client	Commencement	Completion	Value (RM'000)
1	Kemubu Agriculture Development Authority	August 2005	July 2007	912
2	National Kenaf And Tobacco Board	August 2005	July 2007	662
3	South East Johore Development Authority	August 2005	July 2007	776
4	Universiti Tun Hussein Onn	August 2005	July 2007	1,327
5	Skills Development Fund Corporation	August 2005	July 2007	612
6	Penang Regional Development Authority	August 2005	July 2007	842
7	Co-Operative College of Malaysia	August 2005	July 2007	625
8	Universiti Malaysia Sabah	August 2005	July 2007	1,166
9	National Art Gallery Malaysia	August 2005	July 2007	562
10	Malaysia Qualifications Agency	August 2005	July 2007	578
11	National Population and Family Development Board	August 2005	July 2007	1,110
12	Intellectual Property Corporation of Malaysia	August 2005	July 2007	790
			TOTAL	9,962

5 INFORMATION ON OUR GROUP (Cont'd)

PHASE II – New installation of SAGA				
No	Client	Commencement	Completion	Value (RM'000)
1	Council of Trust For Rakyat	Feb 2008	March 2010	3,966
2	Jabatan Akauntan Negara Malaysia Training Centre	Feb 2008	March 2010	131
3	Energy Commission	Feb 2008	March 2010	911
4	Human Rights Commission of Malaysia	Feb 2008	March 2010	740
5	Universiti Malaysia Kelantan	Feb 2008	March 2010	895
6	Universiti Sultan Zainal Abidin	Feb 2008	March 2010	1,153
7	Kuantan Port Authority	Feb 2008	March 2010	673
8	Universiti Pertahanan Nasional Malaysia	Feb 2008	March 2010	877
9	Kumpulan Wang Persaraan	Feb 2008	March 2010	1,005
10	Malaysia Timber Industry Board	Feb 2008	March 2010	1,345
11	Malaysian Pineapple Industry Board	Feb 2008	March 2010	609
12	Malaysian Communications & Multimedia Commission	Feb 2008	March 2010	874
13	Academy of Sciences Malaysia	Feb 2008	March 2010	552
14	Universiti Malaya	Dec 2008	August 2010	2,121
			TOTAL	15,852

PHASE III – Upgrade of existing SAGA				
No	Client	Commencement	Completion	Value (RM'000)
1	MPOB	Oct 2007	Nov 2009	158
2	LADA	Oct 2007	Nov 2009	83
3	Port Klang Authority	Oct 2007	Nov 2009	94
4	Kraftangan	Oct 2007	Nov 2009	142
5	LKIM	Oct 2007	Nov 2009	166
6	Bintulu Port Authority	Oct 2007	Nov 2009	82
7	Labuan Corporation	Oct 2007	Nov 2009	150
8	MPB	Oct 2007	Nov 2009	187
9	Universiti Putra Malaysia	Oct 2007	Nov 2009	185
10	Universiti Putra Malaysia, Sarawak Campus	Oct 2007	Nov 2009	124
11	Railway Asset Corporation	Oct 2007	Nov 2009	70
12	UPMT	Oct 2007	Nov 2009	134
13	MARDI	Oct 2007	Nov 2009	294

5 INFORMATION ON OUR GROUP (Cont'd)

PHASE III - Upgrade of existing SAGA				
No	Client	Commencement	Completion	Value (RM'000)
14	MIDA	Oct 2007	Nov 2009	245
15	PTPTN	Oct 2007	Nov 2009	238
16	NSC	Oct 2007	Nov 2009	149
TOTAL				2,501

PHASE IV - New Installation of SAGA				
No	Client	Commencement	Completion	Value (RM'000)
1	Solid Waste Management and Public Cleansing Authority	Dec 2009	Oct 2010	1,499
2	National Water Services Commission	Dec 2009	Oct 2010	793
3	The Malaysian Health Promotion Board	Dec 2009	Oct 2010	689
4	Muda Agricultural Development Authority	Dec 2009	Oct 2010	1,222
5	National Academy of Arts, Culture and Heritage	Dec 2009	Oct 2010	711
6	Malaysia Co-Operative Commission	Dec 2009	Oct 2010	1,322
7	Malaysia Institute of Road Safety Research	Dec 2009	Oct 2010	653
TOTAL				6,889

A snapshot of CSM's growing Government clientele, comprising over 70 Government agencies at the Federal, State and Local Council levels is as follows:-

Department	Government Agencies
Ministry of Finance	<ul style="list-style-type: none"> ▪ Kumpulan Wang Persaraan ▪ LHDN ▪ LADA ▪ MIA
Ministry of Federal Territories and Urban Wellbeing	<ul style="list-style-type: none"> ▪ DBKL ▪ LDA
Ministry of Plantation Industries and Commodities	<ul style="list-style-type: none"> ▪ MPOB ▪ National Tobacco Board ▪ MPB ▪ LKM
Ministry of Transport Malaysia	<ul style="list-style-type: none"> ▪ Bintulu Port Authority ▪ Klang Port Authority ▪ Penang Port Commission ▪ Railway Asset Corporation ▪ Kuantan Port Authority

5 INFORMATION ON OUR GROUP (Cont'd)

Department	Government/Agencies
	<ul style="list-style-type: none"> ▪ Johor Port Authority ▪ Malaysia Institute of Road Safety Research
Ministry of Agriculture and Agro-Based Industry	<ul style="list-style-type: none"> ▪ MARDI ▪ LPP ▪ LKIM ▪ Kemubu Agriculture Development Authority ▪ Muda Agriculture Development Authority
Ministry Of International Trade and Industry Malaysia	<ul style="list-style-type: none"> ▪ MIDA ▪ MATRADE ▪ MPC
Prime Minister's Department	<ul style="list-style-type: none"> ▪ Human Rights' Commission of Malaysia ▪ Penang Regional Development Authority
Ministry Of Information Communication and Culture	<ul style="list-style-type: none"> ▪ Kraftangan ▪ National Art Gallery ▪ Akademi Seni Budaya Dan Warisan Kebangsaan
Ministry Of Energy, Green Technology and Water	<ul style="list-style-type: none"> ▪ Energy Commission
Ministry Of Higher Education	<ul style="list-style-type: none"> ▪ Universiti Sultan Zainal Abidin ▪ Universiti Pertahanan Nasional Malaysia ▪ Universiti Malaya ▪ Universiti Tun Hussien Onn ▪ Malaysian Qualifications Agency ▪ PTPTN ▪ Universiti Malaysia Sabah ▪ UMMC ▪ Universiti Islam Antarabangsa ▪ Universiti Putra Malaysia ▪ Universiti Malaysia Kelantan ▪ UPMT
Ministry Of Entrepreneur and Cooperative Development	<ul style="list-style-type: none"> ▪ Cooperative College of Malaysia ▪ Council of Trust for the Bumiputera ▪ TEKUN Nasional ▪ MARA Poly-Tech College
Ministry Of Women, Family and Community Development	<ul style="list-style-type: none"> ▪ National Population and Family Development Board
Ministry Of Rural and Regional Development	<ul style="list-style-type: none"> ▪ KESEDAR ▪ South East Johor Development Authority
Ministry Of Human Resource	<ul style="list-style-type: none"> ▪ Social Security Organisation ▪ Skills Fund Development Corporation
Ministry Of Youth and Sport	<ul style="list-style-type: none"> ▪ NSC

5 INFORMATION ON OUR GROUP (Cont'd)

Department	Government Agencies
Ministry Of Domestic Trade and Consumer Affairs	<ul style="list-style-type: none"> ▪ CCM ▪ Intellectual Property Corporation of Malaysia
Ministry Of Health	<ul style="list-style-type: none"> ▪ National Blood Bank ▪ Lembaga Promosi Kesihatan
States Agencies/Utilities	<ul style="list-style-type: none"> ▪ Klang Municipal Council ▪ Jabatan Bekalan Air Pahang ▪ PKPS ▪ Suruhanjaya Perkhidmatan Air Negara ▪ PKNS ▪ Lembaga Air Perak
Ministry Of Housing and Local Government	<ul style="list-style-type: none"> ▪ Perbadanan Pengurusan Sisa Pepejal & Pembersihan Awam ▪ Suruhanjaya Koperasi Malaysia
Ministry Of Science, Technology and Innovations	<ul style="list-style-type: none"> ▪ Akademi Sains Malaysia

It is important to note that a majority of CSM's customers were secured through open tenders. CSM's ability to secure these customers, successfully complete the projects and build a strong business relationship with them is also a major accomplishment.

Based on management estimates, the 62 Federal Statutory Bodies for which CSM has implemented SAGA Systems has a total project value of approximately RM52 million.

49 (approximately 42%) Federal Statutory Bodies have yet to install the SAGA system and these bodies represent a future untapped market for CSHB (*Source: IMR Report prepared by D&B Malaysia*), which is estimated to be worth approximately RM60 million.

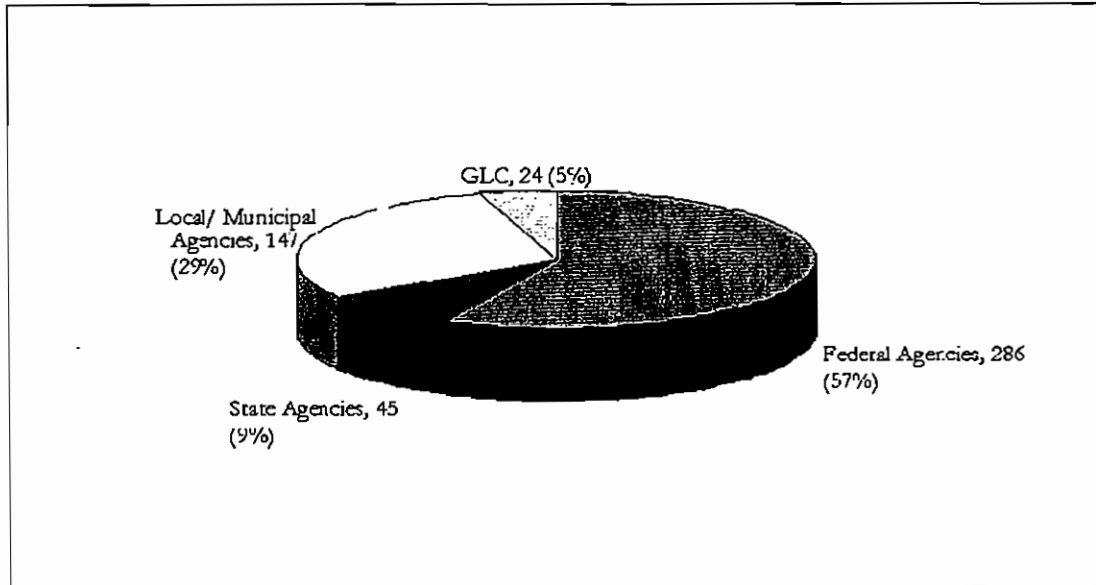
In addition, the SAGA system also has a potential market in the federal agency level. Apart from the initial installation of the SAGA system, upgrading and maintenance services are also a source of revenue for the FMSS providers. While initial installation services are one-off, upgrading and maintenance services are periodical (i.e. quarterly, annually, every five years etc.) and are sources of recurring revenue (*Source: IMR Report prepared by D&B Malaysia*). For details on the CSM's current market share in the SAGA market, please refer to Section 6.1 of this Prospectus.

The SAGA Expansion Programme is primarily for Federal Statutory Bodies, which are established with the objective of implementing certain duties and responsibilities in line with Government objectives. Federal Statutory Bodies fall under the Federal Agencies segment which makes up approximately 57% of the Malaysian public sector. There are 118 Federal Statutory Bodies out of the 286 federal agencies. The estimated market size of the Malaysian public sector is reflected in the diagram below. CSHB has managed to secure approximately 22% of the agencies in the federal agencies segment. Apart from the federal agencies segment, there are abundant opportunities within the other sectors such as state agencies, local/ municipal agencies, and GLCs. For example, the state agencies and local/ municipal agencies make up 38% of the Malaysian public sector agencies, a large and mainly untapped segment for the public sector FMSS providers. (*Source: IMR Report prepared by D&B Malaysia*)

5 INFORMATION ON OUR GROUP (Cont'd)

The estimated market size of the Malaysian public sector is reflected in the diagram below.

Estimated Market Size of the Malaysian Public Sector as at 15 November 2010



Note:-

Federal Agencies includes Federal Statutory Bodies, departments under Federal Government Ministries and Educational Institutions under the Ministry of Education and Ministry of Higher Education

(Source: IMR Report prepared by D&B Malaysia, www.gov.my)

In view of the above, CSM's current marketing focus has been on the niche and large Government sector market. Nonetheless, CSM takes cognisance of the opportunities available in the large private sector market and have secured some contracts with the revenue contribution for the past three (3) FYE 2009 and the 7-months FPE 31 July 2010 amounting to approximately RM3.15 million. A snapshot of some of CSM's private sector clients are as follows:-

Private Sector	
Companies wholly owned by the Government	<ul style="list-style-type: none"> ▪ MIMOS Berhad ▪ SIRIM Berhad ▪ Indah Water Konsortium Sdn Bhd
Public Listed Company	<ul style="list-style-type: none"> ▪ UDA Holdings Berhad
Private Universities	<ul style="list-style-type: none"> ▪ IMU ▪ AIMST ▪ Universiti Tenaga Nasional
Non-Governmental Organisation	<ul style="list-style-type: none"> ▪ Pertubuhan Kebajikan Islam Malaysia

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5 INFORMATION ON OUR GROUP (Cont'd)

CSM's key milestones, achievements and awards are as follows:-

YEAR	
1997	<ul style="list-style-type: none"> ▪ Secured pilot contract for SAGA, i.e. MARDI <i>(This is CSM's 1st site for SAGA project and also has created its presence for future SAGA compliance Projects)</i>
1999	<ul style="list-style-type: none"> ▪ Launch of New Version 5.2 with Y2K compliant. <i>(Y2K factor has created a lot of business opportunities and therefore releasing a software version on Y2K complaint has enabled CSM to secure new projects)</i> ▪ Awarded by MAMPU the SAGA Y2K project for 7 agencies i.e. LKIM, LADA, MATRADE, UPMT, NSC, LDA and PSMB. <i>(Project from MAMPU have lead CSM to a stronger presence in the SAGA market and an indirect certification as Y2K compliant software in the market)</i>
2001	<ul style="list-style-type: none"> ▪ The merger of PORLA and PORIM as MPOB. A project merging 2 databases within 3 months. <i>(A milestone on CSM's ability to convert and merge 2 different databases and accounting data within a short time frame)</i> ▪ Implementation of CFg for UPMS as CSM's 25th customer and its 1st Oracle platform customer. <i>(This is CSM's 25th Customer on board and proven delivery of its solution on multiple database scenario)</i>
2003	<ul style="list-style-type: none"> ▪ Awarded Electronic Loan Management System Project by PTPTN. <i>(A milestone to reflect on CSM's ability to manage and deliver a custom made software other than Century Financial)</i> ▪ Implementation of CFg at MIDA with CSM's remote accounting module for MIDA's trade offices all over the world. <i>(A solution delivery to cater for trade offices all over the world. It indirectly reflect CSM's software delivery for multi environment and cater for International standards)</i>
2004	<ul style="list-style-type: none"> ▪ Launch of Version M Series – New technology with Smart User Interface - client running on browser with multi database capability. <i>(It is a moving forward step in term of technology where CSM's application run on web and multiple databases beside Informix, Oracle, SQL and etc.)</i> ▪ Awarded CFg implementation for CCM <i>(It is giving us recognition that CFg can be used by bigger site or agency)</i>
2005	<ul style="list-style-type: none"> ▪ Awarded all 12 new agencies in line with the Government's SAGA Expansion Programme Phase I under AG's initiative. <i>(A milestone to reflect recognition from AG on SAGA compliant software project by awarding all 12 agencies under this phase to one contractor)</i> ▪ Certified ISO 9001: 2000 for the product and implementation of Century Financials. <i>(It reflects that CSM's methodology is in compliant to International standards and it is certified by international body such as UKAS and Standards Malaysia)</i>

5 INFORMATION ON OUR GROUP (Cont'd)

YEAR	
2006	<ul style="list-style-type: none"> ▪ The recipient of the IBM Strategic Partner Award <i>(This is recognition given for CSM continued commitment to work and support of product from IBM)</i>
2007	<ul style="list-style-type: none"> ▪ Launch of new product range, i.e., CFbpm Century Business Performance Management. <i>(This is an important product within the financial system as it reflects completeness in Financial flows)</i> ▪ The recipient of the Technology Fast500 Asia Pacific Ranking awarded by Deloitte Touche Tohmatsu
2008	<ul style="list-style-type: none"> ▪ Awarded 14 new agencies under the SAGA Expansion Programme Phase II inclusive Universiti Malaya, as the oldest university in Malaysia. <i>(A milestone to reflect AG's continued trust on CSM's ability to deliver large project with proven software and credibility)</i> ▪ Awarded by LHDN – Electronic Revenue Accounting System (eRAS) - handle the online Tax ledger system for all Malaysian tax payers. <i>(A milestone for us to deliver a custom made solution for tax payers through LHDN).</i>
2009	<ul style="list-style-type: none"> ▪ Awarded 7 new agencies under the SAGA Expansion Programme Phase IV <i>(A continued support and trust from AG to deliver SAGA compliant software that meets their standards to 7 sites under phase IV)</i> ▪ Launch of Version 8.0 on web2 technology with added new modules, features and functionally to cater to customer demand. <i>(A milestone on technology that CSM's Century Financial is developed on the latest web2 technology. CSM is proud be one of the few who has developed financial software in the tier 1 category within this technology framework)</i> ▪ The recipient of NAFMA SME "Best Practise" Award by MIA & CIMA (NAfMA - National Award for Management Accounting) <i>(This is to reflect CSM's Management accounting practices within its organisation meet NAFMA standards)</i> ▪ Certified ISO 9001:2008 for the product and implementation of Century Financials. <i>(It reflects that CSM's methodology is in compliant to the revised International standards of ISO 9001: 2008 and it is certified by an international body such as UKAS and Standards Malaysia)</i>
2010	<ul style="list-style-type: none"> ▪ Awarded MIDA CFg-SAGA multi currency implementation <i>(A project that reflect that Century Financial work for Multi Currency environment and that the software is ready to be used or implemented in any international site or markets outside Malaysia)</i> ▪ Awarded e-Pihak Berkuasa Tempatan Financial Management System project by DBKL <i>(This is to reflect CSM's inroads towards Pihak Berkuasa Tempatan financial system market within Malaysia)</i>

5 INFORMATION ON OUR GROUP (Cont'd)

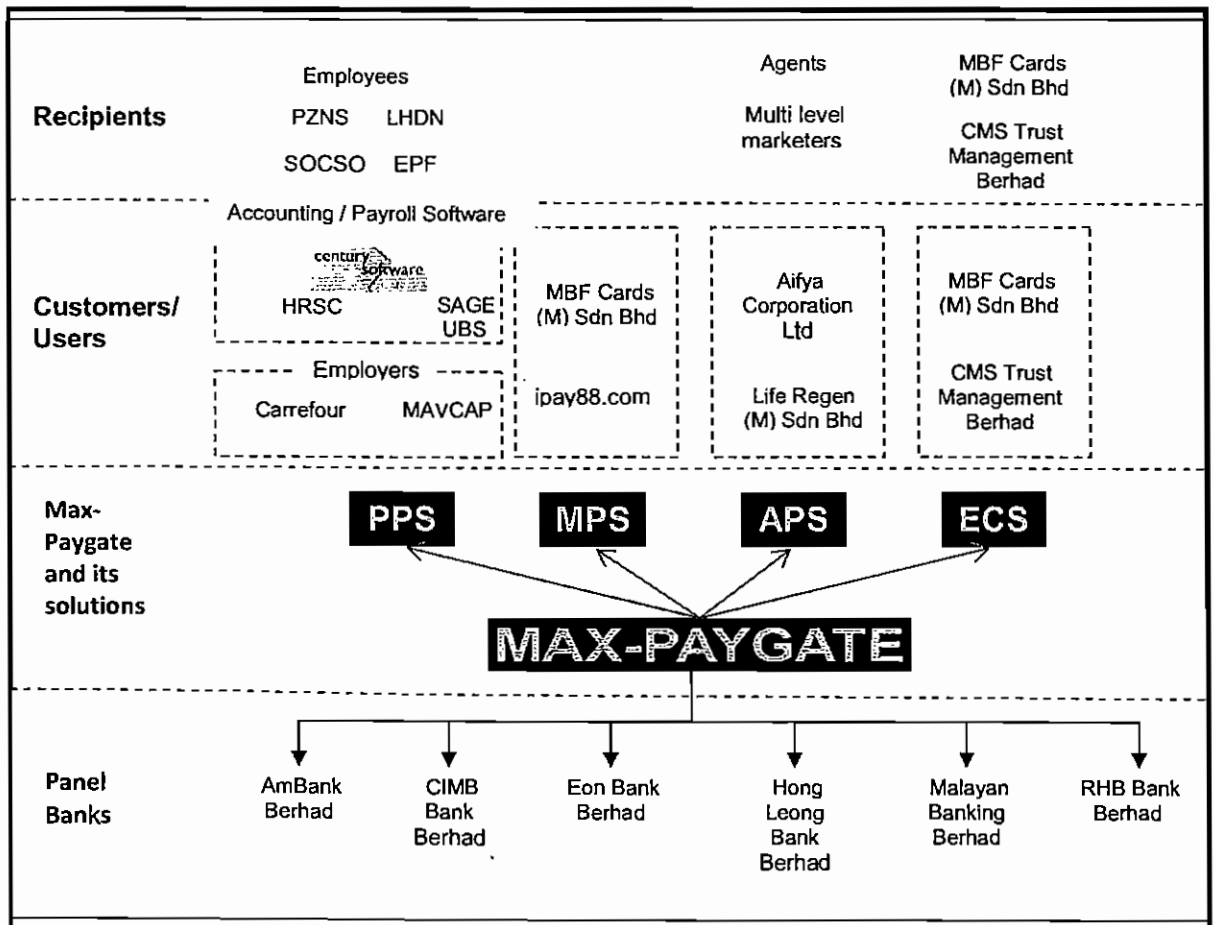
5.1.3 History and business of Our Payment Aggregation Software Division

TMX is a software developer and service provider of electronic payments and collections solutions (B2B, B2G and C2B), focusing on the development of web based electronic banking solutions to facilitate retail and wholesale transaction processing. TMX began in 2002 as a software development/ reseller company. With the funding secured from MAVCAP in 2005, this enabled TMX to intensify its R&D activities and continue TMX's focus on the development of web based electronic banking solutions to facilitate retail and wholesale transaction processing. This service is provided via a SaaS model.

Currently, TMX's core business i.e. payment and collection solutions are supported by its web-based portal, namely Max-Paygate, which essentially simplifies and automates the handling and processing of bulk payment, bulk collection, retail payment and other types of payments. Max-Paygate is interfaced to IBG, FPX, legacy hosts such as Alltel and Silverlake. Max-Paygate is also interfaced with statutory bodies such as EPF, SOCSO and LHDN via its panel banks.

As part of TMX's proposition to simplify bulk payment and collection processes, Max-Paygate is connected to a total of six (6) panel banks i.e. AmBank Berhad, CIMB Bank Berhad, EON Bank Berhad, Hong Leong Bank Berhad, Malayan Banking Berhad and RHB Bank Berhad via revenue sharing agreements. To the best of TMX's knowledge, TMX is the only service provider in Malaysia with such connectivity. Moving forward, TMX will continue to assess the requirements to expand the list of its panel banks to support its web based electronic solutions.

An illustration of Max-Paygate and its connectivities are as follows:-



5 INFORMATION ON OUR GROUP (Cont'd)

As set out above, TMX has four (4) core solutions in its Max-Paygate portal services offering i.e. Payroll Payment System ("PPS"), Merchant Payment System ("MPS"), Agency Payment System ("APS") and e-Collection System ("ECS"). TMX's solutions adopt a pay per usage model, where a fixed fee would be charged upon each banking transaction and are capable of processing multiple inbound and outbound file formats. This essentially means that TMX is able to customise multiple inbound file formats i.e. from various enterprise accounting and/or payroll software, e.g. Sage-UBS, HRSC and Century Financials, used by various corporate and SMEs, to each respective panel bank's file format i.e. multiple outbound file formats. TMX's solutions are also able to customise file formats to cater to relevant statutory bodies e.g. PZNS, LHDN, SOCSO, and EPF. Each payment instruction file is made through a token or web-enabled authorisation software registered with the client's authorised personnel.

In Max-Paygate PPS, for example MAVCAP, a company/ employer that has signed up with TMX sends monthly bulk payroll information for its employees. TMX's software then processes the inbound file that comprises information on, amongst others, multiple employee information, multiple recipient banks and various statutory payment amounts e.g. LHDN, SOCSO and EPF.

For Max-Paygate MPS, this service caters to companies that require bulk daily payment to their merchants. For example, MBF Cards (M) Sdn Bhd sends an instruction file to TMX via Max-Paygate with information comprising multiple merchants, multiple recipient banks to debit and credit as well as multiple amounts. TMX's solution then processes the payment instructions to each panel banks for settlement purposes.

Max-Paygate APS, while similar to Max-Paygate MPS in terms of bulk payment capability, also offers an optional commission calculation function which enables marketing agencies and multi-level marketing companies such as Life Regen (M) Sdn Bhd to automate the calculation of their respective agents' commission.

Max-Paygate ECS is a bulk collection service system. For example, an instruction file is initiated by MBF Cards (M) Sdn Bhd via Max-Paygate to effect collection from its cardholders with information comprising multiple credit card holders, multiple recipient banks and multiple amounts to debit as well credit payments.

With each instruction file, Max-Paygate automates the payment with panel banks through a few methods, e.g. inter-bank, intra-bank and/ or auto-debit. The charges for each instruction file that goes through Max-Paygate for PPS, MPS, APS and ECS differs and are also dependent on the payment method which are deducted upfront from the initiator of the instruction file.

Detailed information on each of the solutions is set out in Section 5.4.1 of this Prospectus.

In an effort to further grow TMX's services and expand its customer base, TMX has in 2009 collaborated with payroll and/or accounting software players, namely Sage-UBS, HRSC and further in 2010, CSM, by creating a Max-Paygate system link to their accounting and/or payroll software. This collaboration is on a revenue sharing basis. This allows end-users an option to utilise TMX's Max-Paygate services which is readily available in the accounting and/or payroll software package purchased. TMX believes that this is an effective way to increase and expedite its business footprint. Up to the LPD, the revenue contributions from these collaborations is approximately RM70,000 as a result of eleven (11) new clients. The partnership with CSM resulted in the proposal by CSHB to acquire TMX. For further details, please refer to Section 5.1 of this Prospectus.

In addition to the provision of TMX's portal services, it also provides system integration services. TMX's expertise in system integration services is evidenced by the successful completion of the project to merge the IT systems of RHB Bank Berhad and Bank Utama in 2003 within a fixed budget and time period of six (6) months. The experience gained by TMX in this system integration project was invaluable both in terms of skills gathered and reputation gained in successfully implementing such a complex banking project.

5 INFORMATION ON OUR GROUP (Cont'd)

Subsequently, TMX have also been engaged to perform data security and financial application customisation services for Petronas Dagangan Berhad, EPF and Bank Rakyat.

Whilst system integration projects are not the core focus of TMX's business, nonetheless, should such opportunities arise in the future which TMX believes add value, either in terms of experience gained, profile and reputation of the client, among others, TMX may undertake them.

TMX's key milestones, achievements and awards are as follows:-

YEAR	
2002	<ul style="list-style-type: none"> ▪ Attained MSC Malaysia Status and Pioneer Status under the Promotion of Investment Act 1986.
2004	<ul style="list-style-type: none"> ▪ Successful completion of Max-Paygate PPS and Reflex eHR Payment Gateway for RHB Bank Berhad. <i>(This is TMX's first inroad into the payment gateway industry)</i> ▪ Awarded the .NET Connected Logo Certification and Customer Experience Award 2004 for RHB Bank Berhad's Reflex eHR Payment Gateway by Microsoft, Malaysia. ▪ Awarded the Web Seal Certification by KPMG for Reflex eHR² developed for RHB Bank Berhad. <i>(These milestones are recognitions given to TMX's Max-Paygate portal)</i>
2005	<p>Successful completion of the EPF payment function of Max-Paygate PPS for RHB Bank Berhad. <i>(Max-Paygate's first link to government statutory body)</i></p>
2006	<ul style="list-style-type: none"> ▪ Successful completion of the SOCSO payment function of Max-Paygate PPS for RHB Bank Berhad. <i>(Max-Paygate's second link to government statutory body)</i> ▪ Awarded the Identity & Access Management System Project by Bank Rakyat. <i>(TMX's first data security project in Malaysia)</i>
2007	<ul style="list-style-type: none"> ▪ Successful completion of the tax payment function of Max-Paygate PPS for RHB Bank Berhad. <i>(Max-Paygate's third link to government statutory body)</i> ▪ Successful completion of Max-Paygate MPS for MBF Cards (M) Sdn Bhd. <i>(A significant extension of services provided by the Max-Paygate portal)</i> ▪ Successful linking of Max-Paygate to CIMB Bank Berhad EON Bank Berhad and Maybank Berhad. <i>(The addition of three (3) new panel banks is a testament towards the acceptance of Max-Paygate within the financial sector)</i>
2008	<p>Received the SME Recognition Award in the Phoenix category. <i>(This represents TMX's good track record in the SME sector)</i></p>
2009	<ul style="list-style-type: none"> ▪ Successful linking of Max-Paygate to AmBank Berhad. <i>(This milestones reflects TMX's continuous efforts in expanding Max-Paygate portal's panel banks)</i> ▪ Awarded the ID Management Project by EPF. <i>(TMX's first government data security project)</i>

5 INFORMATION ON OUR GROUP (Cont'd)

YEAR	
	<ul style="list-style-type: none"> ▪ Linking Max-Paygate with Sage-UBS and HRSC accounting and/or payroll software. <i>(TMX's first connection to third party software providers as part of its effort to increase its business footprint)</i>
2010	<ul style="list-style-type: none"> ▪ Successful completion of Max-Paygate for CIMB Thai Bank Public Company Limited. <i>(TMX's first foreign payment gateway project)</i> ▪ Linking Max-Paygate with Century Financials accounting software. ▪ Successful linking of Max-Paygate to Hong Leong Bank Berhad. <i>(Milestones on the continuous growth of the Max-Paygate portal)</i>

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5 INFORMATION ON OUR GROUP (Cont'd)

5.2 SUBSIDIARY COMPANIES

5.2.1 Information on CSM

(a) History and business

CSM was incorporated in Malaysia under the Act as a private limited company on 3 September 1997. CSM is principally involved in the design, development, implementation and marketing of financial management software and services.

CSM obtained MSC Malaysia Status on 17 August 2006 and Pioneer Status under the Promotion of Investment Act 1986 on 13 October 2006.

(b) Share capital

As at LPD, the authorised share capital of CSM is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each ("CSM shares"), where 1,000,000 CSM shares have been issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of CSM since its incorporation are as follows:-

Date of allotment	No. of CSM shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
03.09.1997	2	1.00	Cash	2
24.08.1998	19,998	1.00	Cash	20,000
05.07.2002	180,000	1.00	Cash	200,000
23.06.2004	300,000	1.00	Otherwise than cash	500,000
03.12.2004	500,000	1.00	Otherwise than cash	1,000,000

(c) Substantial Shareholders

As at 15 December 2010, CSM is a wholly-owned subsidiary of CSHB.

(d) Subsidiary & Associated Companies

CSM does not have any subsidiary and/or associated company.

5.2.2 Information on TMX

(a) History and business

TMX was incorporated in Malaysia under the Act as a private limited company on 24 September 2002. TMX is principally involved in providing services for financial applications, electronic payments and collections solutions, essentially offering SaaS.

TMX obtained both MSC Malaysia Status and Pioneer Status under the Promotion of Investment Act 1986 on 24 September 2002. The Pioneer Status under the Promotion of Investment Act 1986 was subsequently extended on 24 September 2007 for another five (5) years.

(b) Share capital

As at LPD, the authorised share capital of TMX is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each ("TMX shares"), where 5,146,759 TMX shares have been issued and fully paid-up.

5 INFORMATION ON OUR GROUP (Cont'd)

Details of the changes in the issued and paid-up share capital of TMX since its incorporation are as follows:-

Date of allotment	No of TMX shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
24.09.2002	99	1.00	Cash	99
28.06.2003	1,421,990	1.00	Cash	1,422,089
30.12.2009	3,724,670	1.00	Otherwise than cash	5,146,759

(c) Substantial Shareholders

As at 20 December 2010, TMX is a wholly-owned subsidiary of CSHB.

(d) Subsidiary & Associated Companies

TMX does not have any subsidiary and/or associated company.

5.3 LISTING SCHEME

In conjunction with, and as an integral part of our Listing, we proposed a Listing Scheme which was approved by the SC on 21 October 2010. Further the SC had approved, via its letter dated 23 November 2010, a variation to the Listing Scheme. The Listing Scheme involves the following steps:-

(a) Acquisition of CSM

CSHB acquired the entire equity interest in CSM of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM13,299,998, satisfied entirely by the issue of 132,999,980 CSHB Shares at an issue price of RM0.10 per CSHB Share.

Pursuant to the sale and purchase agreement dated 29 June 2010, CSHB acquired 100.00% CSM shares from the existing shareholders of CSM as follows:-

Shareholders of CSM	As at LPD		No. of new CSHB Shares to be issued
	No. of CSM shares	%	
Censof	802,965	80.30	106,794,327
Ramlee bin Mohd. Shariff	30,600	3.06	4,069,800
Mavcap I	60,835	6.08	8,091,054
Expedient	52,900	5.29	7,035,699
Hafiz Mursjidi Bin Suhaimi	1,876	0.19	249,508
YM Raja Mohd Nazri Bin Raja Abd Malek	7,504	0.75	998,032
Khalek Bin Awang	18,796	1.88	2,499,868
Rosdin Bin Hanafiah	18,796	1.88	2,499,868
Mohd Akob Bin Ahmad	5,728	0.57	761,824
Total	1,000,000	100.00	132,999,980

The purchase consideration was arrived at on a willing buyer-willing seller basis and represents approximately 1.31 times of the audited PAT of CSM for FYE 2009 amounting to RM10,144,099.

Upon completion of the Acquisition of CSM, the issued and paid-up share capital of CSHB increased from RM2.00 comprising twenty (20) CSHB Shares to RM13,300,000 comprising 133,000,000 CSHB Shares, credited as fully paid-up.

5 INFORMATION ON OUR GROUP (Cont'd)**(b) Acquisition of TMX**

TMX is a wholly owned subsidiary of T-Global. As part of the terms of the Acquisition of TMX, T-Global had renounced its rights to CSHB Shares to its shareholders.

Accordingly, pursuant to the sale and purchase agreement dated 29 June 2010, CSHB acquired the entire equity interest in TMX of RM5,146,759 comprising 5,146,759 ordinary shares of RM1.00 each for a total purchase consideration of RM1,610,000 satisfied entirely by the issue of 16,100,000 CSHB Shares at an issue price of RM0.10 per CSHB Share to the existing shareholders of T-Global as follows:-

Shareholders of T-Global	As at EPD %*	No. of new CSHB Shares to be issued
Abdul Mushir Bin Che Chik	31.91	5,138,342
Wong Kam Yin	31.21	5,024,986
Mavcap II	25.00	4,025,000
Chung Soon Nam	5.74	924,108
Legion Capital Advisory Sdn Bhd	2.68	431,250
Syed Naqiz Shahabuddin bin Syed Abdul Jabbar	1.73	278,157
Tengku Ab. Malek Bin Tengku Mohamed	1.73	278,157
Total	100.00	16,100,000

Note:-

* Represents their respective shareholdings in T-Global. This is the basis upon which the CSHB Shares are distributed to existing shareholders of T-Global pursuant to the renouncement as described above.

The purchase consideration was arrived at on a willing buyer-willing seller basis and represents approximately 0.31 times of the audited net assets of TMX for FYE 2009 of RM5,225,880.

Upon completion of the Acquisition of TMX, the issued and paid-up share capital of CSHB increased from RM13,300,000 comprising 133,000,000 CSHB Shares to RM14,910,000 comprising 149,100,000 CSHB Shares, credited as fully paid-up.

(c) Public Issue

In conjunction with the Listing, CSHB proposes to issue 23,000,000 new CSHB Shares at an issue price of RM0.93 per CSHB Share to eligible employees, directors, business associates, individuals, companies, societies, co-operatives, and institutions by way of private placement and public offer.

Upon completion of the Public Issue, the issued and paid-up share capital of CHSB will increase from RM14,910,000 comprising 149,100,000 CSHB Shares, to RM17,210,000 comprising 172,100,000 CSHB Shares credited as fully paid-up.

The estimated gross proceeds of RM21,390,000 million will accrue entirely to the Group and to be utilised as follows:-

Proposed Utilisation	RM'000	%	Expected time frame for utilisation
R&D expenditure	6,000	28.05	Within three (3) years from the date of receipt
Business expansion & capital expenditure	4,890	22.86	Within three (3) years from the date of receipt
Working capital	4,000	18.70	Within three (3) years from the date of receipt
Repayment of bank borrowings	4,000	18.70	Within six (6) months from the date of receipt
Estimated listing expenses	2,500	11.69	Within six (6) months from the date of receipt
	21,390	100.00	

5 INFORMATION ON OUR GROUP (Cont'd)

(d) Offer for Sale

A total of 10,931,200 CSHB Shares, representing approximately 6.35% of our enlarged issued and paid-up share capital at the issue price of RM0.93 per CSHB Share is proposed to be made available for Sale by Offerors by way of private placement to selected investors. The details of the Offerors under the Offer for Sale are as follows:-

Name of Offeror	Registered Address	Relationship with the Group within the past three (3) Years	Shares held before the IPO		Shares offered pursuant to the Offer for Sale		Shares held after the IPO		
			No. of Shares	% of Shares	No. of Shares	% of Shares	No. of Shares	% of Shares	
Censof	Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Promoter, substantial shareholder of CSM	106,794,347	71.63	8,458,970	5.67	4.92	98,335,377	57.14
Ramlee bin Mohd. Shariff	No. 17, Jalan Bukit Setiawangsa 10, Taman Setiawangsa, 54200 Kuala Lumpur	Shareholder of CSM	4,069,800	2.73	249,084	0.17	0.14	3,820,716	2.22
Mavcap	Level 11, Menara Bank Pembangunan 1016, Jalan Sultan Ismail, 50300 Kuala Lumpur	Shareholder of CSM and TMX	12,116,054	8.13	741,538	0.50	0.43	11,374,516	6.61
Expedient	Suite 064, Kompleks Eureka Universiti Sains Malaysia Minden, 11800 Penang	Shareholder of CSM	7,035,699	4.72	430,605	0.29	0.25	6,605,094	3.84
Hafiz Mursjidi Bin Suhaimi	A-8-17 Estana Court Apartment, Jalan Hj Mokhtar, Kg Pasir, Ulu Kelang, 68000 Ampang, Selangor	Shareholder of CSM	249,508	0.17	15,271	0.01	0.01	234,237	0.14
YM Raja Mohd Nazri Bin Raja Abd Malek	S-1, Jalan Umbun, Taman Setapak, Gombak Bt 4 1/2, 53000 Kuala Lumpur	Shareholder of CSM	998,032	0.67	61,082	0.04	0.04	936,950	0.54

5 INFORMATION ON OUR GROUP (Cont'd)

Name of Offeree	Registered Address	Relationship with the Group within the past three (3) years	Shares held before the IPO		Shares offered pursuant to the Offer or Sale		Shares held after the IPO	
			No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
Khalek Bin Awang	59-3 Level 3, Block E, Platinum Walk, No. 2 Jalan Langkawi Setapak 53300 Selangor	Shareholder of CSM	2,499,868	1.68	152,999	0.10	2,346,869	1.36
Rosdin Bin Hanafiah	E-08-03 Subang Square Jalan SS15/4 47500 Subang Jaya, Selangor	Shareholder of CSM	2,499,868	1.68	152,999	0.10	2,346,869	1.36
Mohd Akob Bin Ahmad	55, Jalan Subang Permai (U6/3), Taman Desa Subang Permai, 40150 Shah Alam, Selangor	Shareholder of CSM	761,824	0.51	46,626	0.03	715,198	0.42
Abdul Mushir Bin Che Chik	No 43, Jalan SS2/45, Sea Park, 47300 Petaling Jaya, Selangor	Promoter, substantial shareholder of TMX	5,138,342	3.45	314,482	0.21	4,823,860	2.80
Wong Kam Yin	Block B-11-3A, 10 Semantan, Damansara Heights, 50490 Kuala Lumpur	Promoter, substantial shareholder of TMX	5,024,986	3.37	307,544	0.21	4,717,442	2.74
			147,188,328	98.47	10,931,200	7.33	136,257,128	79.17

Notes:-

- (1) Based on the issued and paid-up share capital of 149,100,000 Shares after Acquisition of CSM and Acquisition of TMX.
(2) Based on the enlarged issued and paid-up share capital of 172,100,000 Shares after the Public Issue.

5 INFORMATION ON OUR GROUP (Cont'd)

Proceeds from the Offer for Sale

The Offer for Sale will raise total gross proceeds of RM10,166,016, before deducting their share of the estimated expenses which includes management, placement and transfer fees relating to their respective portion of the Offer for Sale. All the proceeds from the Offer for Sale will be credited to the Offerors and we will not receive any part of the proceeds.

(e) Listing and Quotation on Main Market

After the Public Issue, the entire issued and paid-up share capital of RM17,210,000 comprising 172,100,000 CSHB Shares, are proposed to be listed and quoted on the Main Market.

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5 INFORMATION ON OUR GROUP (Cont'd)

5.4 BUSINESS OVERVIEW**5.4.1 Products and Services****Our FMSS Division****(A) Products**

Products in this division are categorised as follows:-



Century Financials comprises Cfg, CFc, Century Financials Distribution and Century Financials Retail. SAGA Century is a subset of Cfg.

Century Financials, which is an integrated high-end financial management software package, was developed using case tools, which provides complete flexibility to run on multiple platforms, such as, Windows, UNIX, Linux, Mac operating systems and also supports multiple databases.

Century Financials contains over 43 modules that support the full spectrum of financial transactions in most organisations. It is technologically advanced in terms of separation of presentation, business logic and data structure and the entire solution is built on a framework that enables extensibility and scalability.

Century Financials is an integrated enterprise business software solutions focusing on financial management. We develop, market, sell, implement and support our own fully integrated software. Our solution suite is developed using platform-independent and multi-tiered technology. It is a comprehensive suite of Financial Management Modules and it provides accounting information and versatile reporting functions that facilitate strategic decision-making for the users.

Century Financials has full-featured user definable front-end presentation ranging from desktop windows to browser interface and operates on an open system through open database interface to popular databases namely, Oracle, MS SQL, IBM databases and PostgreSQL. In addition to that, our development methodology coupled with case tools, gives our product a systematic logic and system operation.

Century Financials is dynamic in its architecture and provides users the flexibility and adaptability to change the parameter and attributes settings. This is done without requiring costly reprogramming and the parameter and attributes settings are done as part of the implementation activities. The key to our system's flexibility is its multi-ledger design. This gives users the power to track, monitor, control, analyse and report on any information within the general ledger, as well as in any number of subsidiary ledgers. Subsidiary ledgers or general purpose ledgers can be created at any time, so the solution will meet users' requirements now, and in the future, as the organisation changes and grows. In addition to the flexibility of user defined ledgers, Century Financials comes with a multi-dimensional accounts structure. Users can enhance their accounts structure with user defined selection codes. This allows users to tag accounts with identifying information and use this information to dissect reports and enquiries. Therefore, organisations can define virtually any number of accounts components to provide unprecedented reporting capabilities.

5 INFORMATION ON OUR GROUP (Cont'd)

The above building block paradigm is the basis upon which the framework of the comprehensive solution is built on. The benefits of this approach are:-

- Cohesive flow logic that determines the order in which the components will be invoked and end-to-end visibility of process activities, components and functions;
- Allows monitoring of the execution of the overall business process;
- There is an appropriate level of escalation and alert-raising capabilities, depending on business requirements;
- Process components can be loosely coupled with any other component; and
- Any business process action can be represented as a re-usable software component.

The main advantages of the Century Financials solution are as follows:-

- saves time, by only requiring the user to enter information once;
- creates and organises reports to keep track of finances;
- simplifies the production of statutory and annual reports; and
- facilitates a more accurate forecasting, enables monitoring of financial performance.

The product is scalable, making it possible for use by organisations with a few users to thousands of users. This allows our customers to increase their concurrent user base as their organisations grow. The following are some of the other unique features of our products:-

- Web Enabled Menu;
- eCredit Management eFlow ("ECM");
- accounts payable eFlow and accounts receivable eFlow;
- Purchase Order eFlow;
- Web Domain Security;
- Microsoft Excel plug in for general ledger and project costing; and
- Spooled Reports from Browser Menu.

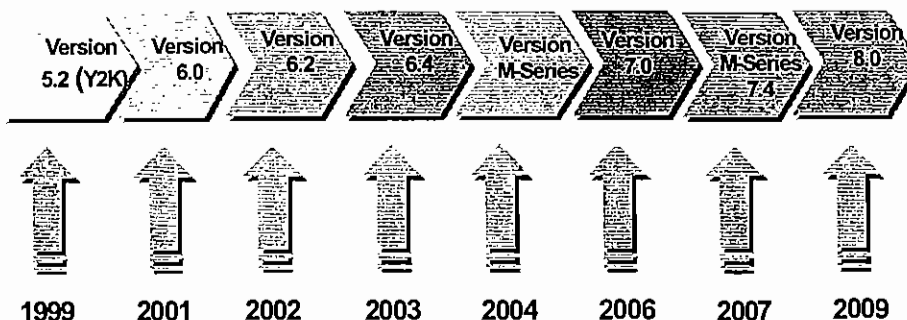
Our Century Financials is independent, in terms of platform, database and client. This is achieved through vigorous R&D and allows our products to be deployed in multiple server platforms, multiple database engines and multiple client environments.

Our development methodology has been developed adhering to code and structure uniformity. This translates into standardisation of code and structure, facilitating the change cycle and upgrades, as well as providing a consistent and uniform user interface. It is our Group's main objective to ensure that our customers will benefit from an overall improvement in their financial management.

Over the years, the product has gone through several upgrading processes to cater for new functionality in terms of customers' requirements and/or to comply with, for example, new Government rulings and procedures in respect of financial management and operations. The upgrade versions are normally released between a 12-18 months span after vigorous planning, research, documentation, development, testing and deployment. The diagram below shows the evolution of the product and its various versions thus far.

5 INFORMATION ON OUR GROUP (Cont'd)

CENTURY FINANCIALS PRODUCT ROADMAP MAJOR RELEASES



Our Group’s current practice is to support two versions back from the latest release. Any new releases are accompanied with version numbering or naming conventions to easily differentiate the releases. Releases can comprise major or minor changes. Major releases which contain major changes either in terms of technology or functionality is announced to our existing customers. Major releases are new products released every 12-18 months, example version 7.0, Version 7.4 and Version 8.0, which require careful planning and deployment to avoid any disruption to the customers’ operations. In between the major releases, there are minor release service packs that are released every month, generally functionality enhancements that can be easily installed by the customers for the purpose of updating the software. Version M-Series is a product name, given to Version 6.4, in order to differentiate it with earlier versions.



(ii) Century Performance Management Suite (“CFbpm”) – powered by Maxiplan

CFbpm, a product commercialised in 2007, facilitates monitoring of KPIs scorecards at different levels, centrally. A centralised and clear view of KPIs reports enables easy tracking of performance against defined targets.

Some of the modules we have developed are as follows:-

- Century KPIManager – dynamic score card application to monitor and review performance;
- Century Budgeting – web based planning application to collect forecasts and plans from users speedily; and
- Century CubeReporter – powerful web based report delivery application.

CFbpm can be sold together with Century Financials or separately, as a module.

5 INFORMATION ON OUR GROUP (Cont'd)

(iii) Century Analytics ("CFa")– powered by Interactive Reporting



CFa, a product commercialised in 2007, is a web based business intelligent tool that will assist users to analyse their data. We developed this product with Interactive Reporting being the principal. It value adds to the financial application by providing analysis facilities. It allows users to quickly visualise trends, exceptions and patterns through pivot tables or graphical charts. In other words, in a glance, users are able to see informative charts that will enable them to identify opportunities or problems in their analysed operations.

CFa can be sold together with Century Financials or separately, as a module.

(iv) Century Max-Paygate ("CFmpg")– powered by TMX



CFmpg, a product commercialised in 2010, is a payment portal which allows users to send different types of payment such as supplier, salary, staff claims and advances through a centralise portal that processes the payments and distribute to all the respective banks by crediting and debiting the payee and payer banks respectively.

CFmpg can be sold together with Century Financials or separately, as a module.

(v) Century Tender Wizard ("CFtw")



CFtw, a product commercialised in 2007, is an end to end intuitive, web-based application that allows medium and large organisations to manage tendering, procurement and contracting effectively. This solution is fully customisable for organisations who wish to have its own branded online tendering / procurement system and want the option to accept secure and encrypted bids online.

CFtw can be sold together with Century Financials or separately, as a module.

(vi) Century Local Council Solution ("CFlc") – powered by Civica



Presently, the Local Government is moving rapidly towards an e-Council business model that will feature a 24 x 7 customer service and aimed at achieving optimal staff productivity but for this model to succeed, the fundamental business practice of the Council must be functional and effective.

5 INFORMATION ON OUR GROUP (Cont'd)

CFIc, a product commercialised in 2007, will assist in attaining the above and provide a single, complete framework for the Council's IT system and e-Future. CFIc has modules which tracks performance, i.e. from customer complaints until the resolution of complaints. By using the modules, staff productivity is optimized through the monitoring and tracking of performance.

CFIc can be sold together with Century Financials or separately, as a module.

(vii) Axway provided by Axway Software Sdn Bhd – Accounting Rule Engine (“ARE”)

ARE allows accounting integration for high volume transactions and multiple systems integration. It has the following benefits:-

- **Single Point of Control**
 - Independent of operating / processing system
 - Maintainability
 - Ready for statutory requests or changes
- **Accountability**
 - Supply management system for accounting assets
 - Integrity of accounting records
 - Upwards and downwards audit
 - Documented
- **Efficiency**
 - Enhanced data sensitisation
 - Concurrent or distributed data processing

The ARE enables parallel entries to be posted in any number of accounting systems. ARE is normally deployed in a large organisation, which has many multiple front end systems i.e banks where there are loans, saving accounts, investment system and the need to comply to certain statutory accounting compliances. For example, the implementation of GST would affect all the abovementioned systems in the bank. Instead of changing the rule of each system individually, the ARE enables a simultaneous change to all systems due to its parallel entries capability. Therefore, the ARE compliments Century Financials by smoothening the rule changing process, which happens from time to time.

(B) Services

We take great pride in our commitment towards providing high quality maintenance and resourceful support services to all our customers. Therefore, our customers should benefit from our Group's constant effort to improve our product through customers' feedback or complaints.

The support and maintenance services offered include the following:-

Support

Our Group strives to provide high quality professional support services to complement our maintenance services.

Presently, users are able to send their enquiries or report on bugs to CSM's Help Desk. The Help Desk was specifically designed to assist in ensuring a high level of user satisfaction, enhance productivity and utilise resources effectively. The Help Desk service provides customers with a Single Point of Accountability that eliminates multiple calls to the Help Desk and a single-point-of-contact for users who require assistance on issues related to the relevant solution.

5 INFORMATION ON OUR GROUP (Cont'd)

Technical Support Centres

We offer full support to our fast growing client base throughout Malaysia. Our Group maintains a group of certified and well-trained support team at our headquarters. Uniquely, our Group has a full-fledged web-based RFS system that enables us to provide excellent maintenance service to our customers throughout Malaysia. Further details of our RFS system are set out below.

Maintenance

We constantly strive to maintain and improve the performance of our product by providing suitable maintenance services. Maintenance services are provided when we undertake the following activities:-

- Program Upgrades

Our Group's development and support team continuously work together to find ways to enhance our product, e.g., to improve on the system with more powerful features and make it even more user-friendly. Presently, our Group's customers will enjoy free software upgrades, when available, with separate charges for the installation and service of the upgrades.

- RFS by Users

In our maintenance package, we provide our customers' users with access to the RFS system. RFS is a web based centralised support service that allows us to respond to our customers' feedback or complaints from all over Malaysia, promptly.

RFS can be accessed by customers, by logging into CSM's website. Access is via user ID and password. Progress of action taken can be tracked from initiation to completion through the RFS submitted.

Once the form is completed and submitted, the system will generate an RFS number, which is a unique identification for each request. Simultaneously, emails will be sent to the relevant client to acknowledge receipt of the request and provide the identification number and to all personnel listed on the support mailing list. The importance of RFS are as follows:-

- ensures continuous support;
- provides an online reporting mechanism;
- allows requests to be monitored and tracked efficiently; and
- provides summary and detailed history reports.

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5 INFORMATION ON OUR GROUP (Cont'd)

Our Payment Aggregation Software Division

(A) Products

Products in this division are categorised as follows:-

(i) **MAX-PAYGATE** - PPS (Payroll Payment System)

Max-Paygate PPS is a solution that facilitates processing of a wide suite of multiple payments such as salary, claims, EPF, Insurance, SOCSO and supplier payments with the "click" of a mouse. It is a highly scalable, modular, workflow based and business rule driven application that has been designed to facilitate the bulk payment requirements of the banks and their corporate customers. It allows banks to manage payment related services for their customers. Apart from handling the above functions, it also offers a parameterised arrangement, inbound and outbound file formats and charges set up to ensure flexibility in terms of service offering and charging by banks. In addition to the upload of payments, this solution has a function which assures a predefined day of credit/debit to the corporate/clients and manages the entire fund flow on behalf of the corporate.

Max-Paygate PPS is capable of interfacing with the external token system and follows the customer's preferred vendor to support two levels of authorisation also known as 'Two Factor Authentication'.

Max-Paygate PPS provides financial institutions of all sizes with a proven bulk clearing solution comprising account receivables and account payables processing.

(ii) **MAX-PAYGATE** - MPS (Merchant Payment System)

Max-Paygate MPS is a payment aggregator that processes a wide suite of multiple payments from multiple departments in the organisation with the "click" of a mouse. It is a web based, highly scalable, modular, workflow based and business rule driven application that has been designed to facilitate the bulk payment and collection requirements of the corporate clients. The solution interfaces with multiple banks for processing of payment and collection transactions. This enables the corporate client to rationalise their payment across various banks.

Max-Paygate MPS comes with the tailored workflow based on the corporate operation flow to review and authorise all the payment transactions for various banks to ensure security and processing of transactions in a controlled manner. This solution has an inbuilt straight through processing engine that has direct host to host connection to process payments. It also allows automatic processing of transactions without any manual intervention.

This solution supports multiple inbound and outbound file formats to facilitate easy integration with the legacy host, bank and other third parties. It also assists corporate clients in cutting down the issuance of cheques for payments by replacing it with the electronic payment.

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5 INFORMATION ON OUR GROUP (Cont'd)

(iii) **MAX-PAYGATE** - APS (Agency Payment System)

Max-Paygate APS is a payment solution that processes the payment of commission for credit card, insurance and direct sales companies with the “click” of a mouse. It is a comprehensive system which combines the following two (2) major functions:-

- calculation of commission amount; and
- online fund transactions.

In this system, the participant bank will act as the payment gateway and APS application will handle all the comprehensive calculations. This system benefits credit card companies, insurance companies and direct sales companies which pay their agents commissions on a regular basis. This solution replaces the manual cheques issuance procedure with electronic payment and automates the commission calculation process.

It is a highly scalable, modular, workflow based business rule driven application which enables companies to pay their agencies online via Internet. There are only a few inputs required, firstly there must be sufficient fund in the payer's bank account. Secondly, the data input like personal sales volume, overriding network sales volume and payee details. Lastly the system also provides the flexibility to the user to choose the payment date. Our robust system will calculate commission for each agency depending on user inputs and is based on the pre-determined formulas and parameters. Once the flow is done, the payment file will be sent to the participant bank for processing. Finally the funds/commission amount will be transferred to each payee's bank account on the selected payment date. The system will also generate reports for the users by listing the transactions processed with other relevant details.

(iv) **MAX-PAYGATE** - e-Collection

Max-Paygate e-Collection is an electronic collection solution which facilitates the bulk collection requirements of any financial institution. This solution will address the needs of financial institutions to adopt hybrid collection model to do collection via auto debit, direct debit and FPX collection, in addition to the existing channels such as branches of financial institutions and other outlets. This system allows financial institutions to manage and control collection processing at organisation level. Apart from handling the above functions, it also offers a parameterised arrangement, file formats and collection window set up to ensure flexibility in terms of service offering and other benefits.

This system is capable of uploading the collection instructions in batch file to multiple bank systems. This solution has rich business functionality and high degree of flexibility to address the dynamic business requirement and complies with each respective bank's data security requirements. This provides another payment option and more value added services, e.g. e-receipts to the internal departments and external clients of any financial institution.

As part of the Max-Paygate offering, we provide ongoing customer support and training services on the portal and applications. We acknowledge that customer support is an integral service to our customers. Therefore, we have set up a customer call centre which consists of 4 staffs, to strengthen business relationship and provide technical assistance and support to customers that use our Max-Paygate solutions.

5 INFORMATION ON OUR GROUP (Cont'd)

5.4.2 Locations, Properties, Plant and Equipment

(A) Principal Place of Business, Assets and Production Facilities

As at the LPD, we do not own any property. We operate from the following rented premises:-

Registered owner / Landlord	Location / Built-up Area	Description of Property / Tenant / Existing Use	Monthly rental / Date of commencement / Date of expiry
Paris Dynasty Sdn Bhd	Block C-17-04 - C-17-07, Dataran 3 Two, 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan / 4 floors of office suites with a total of 15,664 sq. ft.	4 floors of office suites of a 7 storey shop office / CSM / Corporate office	RM41,000 per month for a period of 60 months ending 30 June 2013
CEO Suite (M) Sdn Bhd	27 th floor, Quill 7, Jalan Stesen Sentral 5, KL Sentral, 50470 Kuala Lumpur / A virtual office with 13,228 sq. ft of shared services, which includes lounge area and meeting rooms	1 floor of a 32 storey office building / CSM / MSC designated office	RM300 per month for a period of 12 months ending 31 March 2011
Mid Valley City South Tower Sdn Bhd	Suite 11.07, Level 11, The Gardens, South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur / 2,700 sq. ft.	1 office suite of a 40 storey office building / TMX / Corporate and MSC designated office	RM14,000 per month for a period of 36 months ending 31 May 2011

As at the LPD, there are no material breaches of any law, rules and building regulations including land-use conditions or permissible land use which may result in a potential adverse material impact to our Group in relation to the properties rented above.

(B) Material Capital Expenditures and Divestitures (Including Interests in Other Corporations)

(i) Historical Material Capital Expenditures and Divestitures

Save as disclosed below and the acquisition of CSM and TMX by our Company, which is set out in Section 5.3 of this Prospectus, we have not incurred any material capital expenditure and divestiture (including interests in other corporations), for the last three (3) FYE 2009 and 7-months FPE 31 July 2010:-

	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	7-months FPE 31 July 2010 RM'000
Material Expenditure				
CSM	-	1,003 ⁽¹⁾	567 ⁽¹⁾	-
Material Divestiture				
CSM	-	3,962 ⁽²⁾	-	-

5 INFORMATION ON OUR GROUP (Cont'd)**Note 1****Material Expenditure – CSM**

<i>FYE</i>	<i>Item</i>	<i>Description</i>	<i>Source of financing</i>	<i>Cost Amount RM'000</i>
2008	Renovation	Setting up of new office in Dataran 3Two	Internal Funding	1,003
2009	Motor Vehicles	Provision of motor vehicles to executive directors for business operation purposes	Hire Purchase	567

Note 2**Material Divestiture – CSM**

<i>FYE</i>	<i>Item</i>	<i>Description</i>	<i>Net Book Value Amount RM'000</i>
2008	Suite 3A-17, Level 17, Block 3A, Plaza Sentral 5, Kuala Lumpur	Principal place of business	3,962

(ii) Material Capital Expenditure and Divestiture In-Progress

Our Board has also confirmed that there are no material capital expenditures and divestitures currently in progress.

5.4.3 Project Methodology

In carrying out most of our projects, two (2) methodologies are used:-

- Application Development Methodology
- System Implementation Methodology

The above methodologies have been extensively used and tested at many of our previous implementation sites. These methodologies employ a series of defined tasks that ensure no important decision or activity required for success is overlooked. The methodology includes an initial business requirement study that documents the implementation project plan and identifies the resources required to ensure the success of the project.

(i) Application Development Methodology

The application development methodology is to manage the system development efforts of our projects and spans the following two topics:-

- background of the development methodology; and
- standards and procedures.

(ii) System Implementation Methodology

Our implementation methodology consists of two (2) major components of the activities. The overall project delivery is governed, coordinated and monitored by our project management scope of work while the detailed activities are performed based on the implementation methodology with its respective milestones. In order for our customers to maximise their investment in the proposed system, we must ensure the new system does not simply mimic the old system or manual system, but capitalises on the functionality available in our proposed solution to improve the financial management function of our client.

5 INFORMATION ON OUR GROUP (Cont'd)

The key success factors of a successful implementation include:-

- staff must be trained to a high standard;
- user operating procedures are in place and must be documented;
- the capability of the software to process large volumes of data must be proven (volume testing);
- high level of acceptance and commitment by the users of the new financial management system is essential;
- the capability of the software to meet the business requirements must be proven (acceptance testing);
- hotline and other support services must be in place; and
- skills and expertise must be transferred to customers staff.

The project management coupled with a methodological system implementation ("PMM") are planned and applied to achieve the above objectives within the stipulated time frame.

The PMM is derived from the Prince 2 concept that was formulated to conform with the existing ISO9001: 2008 certification requirement. The Prince 2 Methodology is also expected to fulfill a majority of the Government tender criteria. The methodology is in line with INTAN and other agencies such as MAMPU expectation on PMM practices. In addition, the Prince 2 Methodology is also widely used in Europe and is fast becoming popular in the Middle East. All of our project managers are Prince 2 certified.

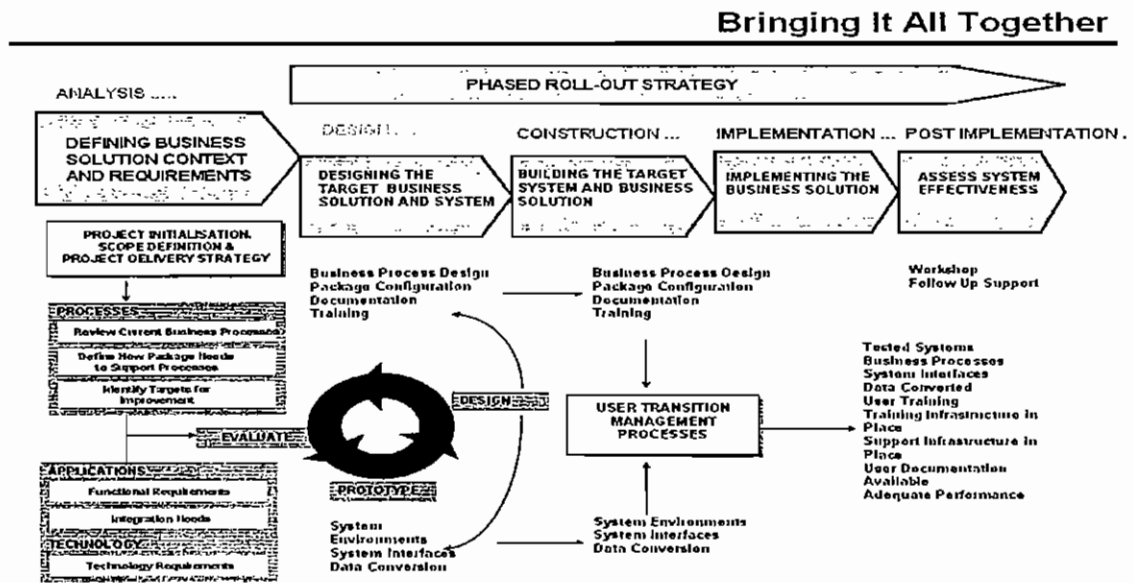
This PMM is intended to minimise project risks and uncertainties by:-

- defining standard processes and techniques;
- following a consistent, structured approach;
- facilitating continuous stakeholder involvement and reviews;
- establishing effective management controls and procedures; and
- increasing awareness of the mechanisms for capturing experience.

PMM is intended for use on any type of project, regardless of size and/ or duration, underlying technology, application area or team composition. It is designed to be all encompassing so as to accommodate larger, complex projects that include a comprehensive set of requirements relative to "Project Management". On the other hand, if the project is small or moderate in size and duration, or not complex in terms of technological scope, then project managers will have the flexibility to adapt aspects of the methodology that best suit the particular project and help ensure the achievement of objectives and realisation of project benefits.

The illustration shown on the following page presents the stages and phases of our solution delivery approach.

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Analysis ... Defining the Solution Context and Requirements

During the Analysis Stage, the following phases are executed:

- **Project Initiation and Definition** - involves the mobilisation of the project organisation and the definition and agreement of the components of project scope (business processes, organisational units and locations, package software components, technology infrastructure components, systems to be interfaced with, data conversion, key reporting needs). This is an early view of the categories of business processes that are likely to be covered by the project.

Prior to defining scope at the project level, a macro study will be made to understand the organisations' strategy, plans, critical success factors, current critical issues, application systems profile and target technology architecture.

This would result in the definition of a migration strategy for delivering the project in the context of aligning with the needs of the respective organisation.

- **Business Solution Delivery Strategy** - in line with defining the project scope in terms of the process and functional scope, organisational scope, technology infrastructure scope, interface scope and data conversion scope, analysis is made on the software packages to identify how the package will need to be parameterised and modified, where necessary, to fit organisations' business needs as defined. The result will be a design work book supported by the project scope definition document to control and execute the design stage in defining practical and effective system solutions.
- **User Transition Management Strategy** – before we move into deploying the new systems to the relevant users across organisations, assessments are made on the readiness and skills of these users to adapt effectively and proficiently to the potential changes. The views of the key stakeholders of organisations are also sought to determine an appropriate project communications strategy and plan, the objectives of which are to manage user and stakeholder buy-in effectively and bring these users to a proficient level in their use of the system.
- **Analysis Stage Checkpoint** - before moving to the design stage, an impact assessment is made on the implementation plan to ascertain whether refinements are needed to the scope and direction of the project. The project team will be extensively involved in ensuring that organisations do not carry any unnecessary risks in taking the project through to implementation.

5 INFORMATION ON OUR GROUP (Cont'd)

Design ... Designing the Target Business Solution and System

Once the solution context and requirements has been agreed with organisations, the implementation strategy and plan is refined for the management. The design stage aims to map organisations' solution requirements to base package functionality, evaluate target improvement opportunities, and specify the scope of features of the package design to deliver the solution. During the design stage, the following phases are executed:

- **Establish Initial Environments** - the software packages are installed in vanilla form to support the prototyping phase. Along with the installation of the software packages, standards are also established to manage and control changes during prototyping. A development environment configuration is also set-up to facilitate the prototyping process and the subsequent construction processes such as coding and testing.
- **Technical Solution Configuration** - a prototyping process will be used to facilitate the design of the package to fit organisations' solution needs as defined in the project scope definition and design work book documents. A recurring issue that will need to be addressed is the selection of an appropriate work around solution should the need warrant unnecessary structural modifications to the base package. Project management will ensure that the prototyping process is conducted in a conducive and innovative atmosphere in line with meeting the project's timing objectives.
- **Organisational Configuration** - definitions are made on job requirements to support the target solutions as envisioned in the prototyping process above. Consequently, training needs are analysed and appropriate changes to the organisation are identified for organisations' attention based on the job requirements defined.
- **Design Stage Checkpoint** - the most important checkpoint in the project delivery life cycle. At this point, the project team will have structured walkthrough on all of the design deliverables to confirm and agree with the organisations' project team the specifications for the implementation of the target solution defined. All issues are logged for resolution and project and quality plans are refined again to establish and exemplify a practical approach for organisations to realise their objectives and achieve benefits. All deliverables of the design stage are further consolidated into the design specification document.

Construction ... Building the Target System and Business Solution

During the construction stage, the following phases are executed:

- **Review and Refine Environments** - establishment of the testing, production and training environments and control standards to support the development of the target solutions.
- **Custom Code Construction** - completion of all programming for package modifications, data conversion, interface development and unit testing.
- **Data Conversion Readiness** - data for conversion required to be cleansed is cleansed, data that is not converted is archived, and methods are determined to convert historic data where needed.
- **System Integration Testing** - verification of the system performs as expected and as specified in the design specification document.
- **Construction Stage Checkpoint** - at this checkpoint, agreement will be sought from organisations regarding the construction of the target solution and obtain agreement to proceed to the implementation stage where the primary objective is the commencement of "live operations" as defined in the design specification document.

Implementation ... Implementing the Business Solution

During the implementation stage, the following phases are executed:

5 INFORMATION ON OUR GROUP (Cont'd)

- **Conduct User Training** - commencement of the implementation process by the initiation of the user-training program for the phase of the delivery.
- **Finalise Production Operations Environment** - a management process to ensure that the transition from the testing environment to the productions environment is completed in a controlled and systematic manner, data conversion is completed, and that all key operations decisions are adequately reviewed prior to the commencement of live operations. A key activity is the reconciliation check made between the old and new system to obtain an assurance to move to and commence live operations.
- **Implement and Transfer Tested System** - a management process to transfer the new system to both the user and computer operational areas in a controlled manner.

Post Implementation Review ... Fine tuning for process efficiency

- **Post Implementation Review** – the uniqueness of our implementation methodology is it caters for post review activities to be able to assess the effects and outcome of the project’s successfulness. This evaluation is important in that it will give insight to enhance areas that need to be further refined and attended to.

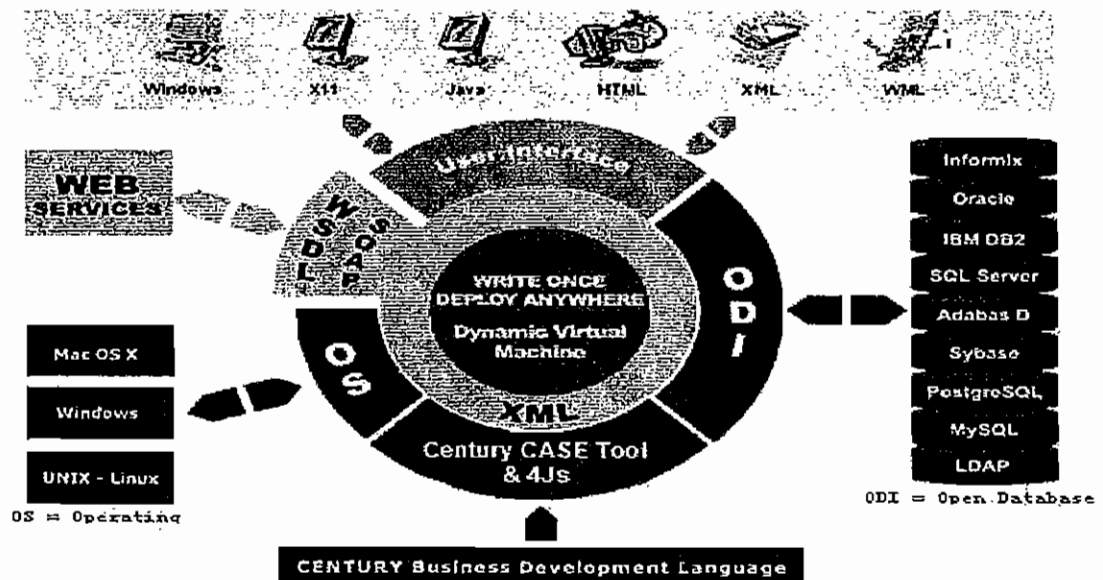
5.4.4 Technology Capabilities

FMSS Division

Century Financials was built upon a unique set of technology paradigms that include the following:-

Compile Once, Deploy Anywhere: In order to deploy the solution to varied platforms and environment, our Group adopts the Compile Once, Deploy Anywhere technological concept, using cross-platform architecture, whereby a single source of code can be compiled and deployed onto different server platforms such as Unix, Linux and Windows. These can be accessed through different client platforms like Windows (Terminal Server, 98, NT, ME, 2000, XP), X11, Linux Desktop, Xterms, Apple Macintosh OS X, and also Web Browser like Mozilla Firefox and Internet Explorer.

A diagrammatic illustration is as follows:-



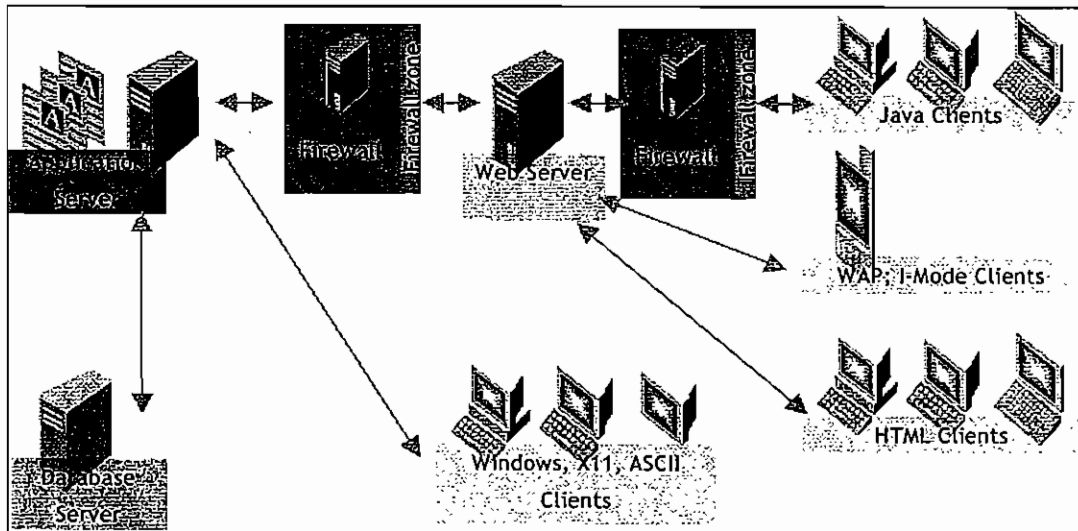
Compile Once, Deploy Anywhere

5 INFORMATION ON OUR GROUP (Cont'd)

Dynamic User Interface: Single source for multi-lingual, multi-locale; Using XML to modify the User Interface at runtime.

Single Source code stream supporting Multiple Databases: The use of an open database interface can support multiple database environments such as Genero Database, DB2, Informix, MS-SQL Server, MySQL, Oracle, PostgreSQL. This provides our users with multiple, simultaneous, native and high performance access to these databases.

Thin Client and N-tier Architecture: Clear separation of presentation, business logic and data layers, allowing multiple client support. The integration with web services allows our applications to work together with other products allowing a service oriented architecture to be set in place.



N-Tier Scalable, Secure Architecture

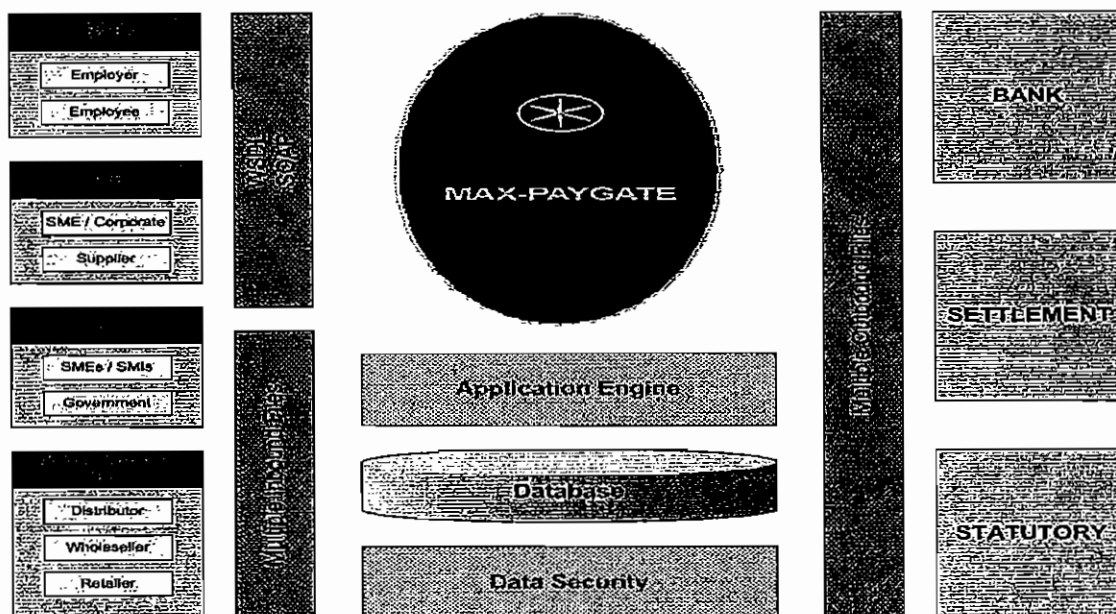
A major revamp is being made to enable rapid application development using advanced case tools that rapidly generates application codes. This enables the software engineers to concentrate on the design & architecture, leaving the codification to the case tools.

Payment Aggregation Software Division

Max-Paygate is an online portal for various types of bulk payments, collections and statutory payments for corporate and SME's. It is simple, robust, user friendly, scalable, highly secured and available 24x7.

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5 INFORMATION ON OUR GROUP (Cont'd)



N-Tier Architecture: Max-Paygate architecture follows N-Tier architecture whereby the presentation, business & data layer are well separated. Each layer interacts with only the layer directly below, and has specific function that it is responsible for. Any change to a layer can be done without redeploying the whole application.

User Interface: Max-Paygate facilitates rich multi-lingual user interface. Resource files were used to create multi-lingual features in the portal.

Multiple Inbound: Max-Paygate facilitates receiving multiple inbound data. Customers can send their data in various formats or can integrate their applications via web services.

Multiple Outbound: Max-Paygate facilitates sending multiple outbound file formats to banks & statutory bodies. Customisation according to the respective banks' requirements can be done within minimum time period.

5.4.5 Principal Markets for Products

Save for RM61,000 and RM123,690 contributed by CIMB Thai Bank Public Company Limited in the FYE 2009 and the 7-months FPE 31 July 2010 respectively, our proforma revenues for the past three (3) years from FYE 2007 to FYE 2009 and 7-months FPE 31 July 2010 have all been secured locally. Subsequently, TMX had completed a Max-Paygate project for CIMB Thai Bank Public Company Limited in Thailand in April 2010.

5.4.6 Distribution and Marketing Strategies

FMSS Division

The marketing and promotion initiatives are carried out jointly by CSM's key management personnel together with the sales and marketing department. The sales and marketing department which consists of 10 staff was set up for the purpose of enhancing business relationships with existing customers as well as to build new marketing relationships with new customers. This would enable CSM to capitalise on business opportunities faster and allow CSM to improve services to its existing customers. CSM believes that the ability to provide timely response to business opportunities and customer services would further improve its reputation in the Malaysian public sector market.

5 INFORMATION ON OUR GROUP (Cont'd)

CSM adopts two (2) basic strategies in marketing its products and services as follows:-

(i) Direct Approach to/by Customers

Under the direct approach, CSM's sales staff would initiate business calls to promote its products. CSM also organises publicity and promotional related events, especially for existing customers, such as Customers' Appreciation Day, as well as participate in the relevant events organised by the Government or professional associations such as MIA, CIMA and MDeC. Such publicity and promotional events would enable it to interact with its customers on a more personal level, augment its relationship with them further and indirectly, enable it to branch its network and introduce its services to potential clients. This has immensely helped to expand its customer base over the years.

(ii) Referrals

Due to CSM's long standing track record, CSM receives client referrals from its existing clients who believe in its capabilities and have given CSM the opportunity to grow its market and further establish its name in the industry. Furthermore, majority of the clients that have been referred to CSM in the past have re-engaged its services due to CSM's emphasis on delivering quality services and results.

Payment Aggregation Software Division

TMX operates in the B2B, B2G and C2B segment of the e-payment industry where its products are mainly sold directly to SMEs, large corporations and Government bodies.

For SMEs, their requirement is more generic which essentially relates to payments moving from costly manual cheque issuances to electronic payments. TMX offers them its payment portal, Maxpaygate.com and provide the necessary training and set-up for their use. One of TMX's distribution channels is through its partners i.e. other software provider including payroll systems and accounting systems, namely, Sage-UBS, HRSC and Century Financials. TMX leverages on their network to reach the SME market quicker. It provides direct connection to such software to ease their adoption of e-payments as well as to handle their accounting entries.

Large corporations may require customised solution based on its portal as well as its collection services. TMX actively work with such clients directly through its sales team as well as its partners. The development team is also brought in from time to time to work on the customisation requirements of clients.

The approach to grow its sales through the use of its partners to serve the local market is due to faster penetration to SMEs and large corporations. Moving forward, TMX will selectively engage with suitable partners to increase its business footprint.

TMX's marketing team consist of IT consultants whom TMX sends to conduct various technical training, road shows and exhibitions to market its products. Moving forward, it intends to build and grow its marketing team to assist in establishing contacts and sales leads in new and existing markets as the business expands.

5.4.7 Demand and Seasonality

CSM's business operations tend to be slower in the first half of the year as most Government agencies and organisations will be busy with their year-end closing and finalisation of their accounts during this period. Therefore, CSM's results for the second half of the year are normally better than the first half.

In addition, as most of CSM's customers prefer to start using the FMSS installed at the start of a new financial year, which is normally 1 January, projects are usually completed during the last quarter of a financial year. Billings therefore, generally increases during the fourth quarter. Additionally, as payment for maintenance fees will commence one (1) year after the completion of a project, billings for maintenance will also follow this trend.

TMX does not experience material seasonality in their sales.

5 INFORMATION ON OUR GROUP (Cont'd)

5.4.8 Business Partnerships and Agreements

Save for the agreement below, our Group is not highly dependent on any other material business partnerships and agreement that are subsisting:-

Company	Name of customer	Description of Agreement	Issue Date / Expiry Date	Terms of Agreement
TMX	MBF Cards (M) Sdn Bhd ("MBF Cards")	Service Agreement for the provision and implementation of a merchant payment system application portal, which enables MBF Cards to conduct financial settlements of payment to all its credit card merchants on a daily basis	29 June 2006 / 15 March 2012	<ol style="list-style-type: none"> 1. MBF Cards acknowledges that the appointment of TMX under this agreement shall be exclusive for a period of three (3) years from the commencement date for the provision of credit card payment system or such other payment instruments as the parties may agree from time to time provided under the services. MBF Cards hereby acknowledges and accepts that it shall not solicit nor approach other potential IT solutions providers for the performance of services similar to the services in this agreement. 2. This agreement shall automatically renew after the expiry of the period set out in item (1) for a similar duration and on the same terms of this agreement subject to an increase in the volume of transactions to be processed via the services as well as an increase in the payment of charges due to TMX to be agreed by the parties. The parties may in good faith negotiate on such other terms of this agreement as required. 3. TMX warrants that the hardware & software solutions under the services: <ol style="list-style-type: none"> (a) will be free from material defects and errors; (b) as at the date of installation by TMX, will be properly installed; (c) will perform in accordance with the documentation and the specifications, (d) as at the time of delivery and installation, will be free from any viruses or malicious software or any built-in, automatic and/or random expiry dates.

5 INFORMATION ON OUR GROUP (Cont'd)

5.4.9 Quality Control Procedures

FMSS Division

CSM's product development, enhancements and professional services are certified by the International Quality Organisation for MS ISO 9001:2008.

CSM has successfully undergone mandatory audit surveillances by CI Certification Malaysia. In addition, CSM has successfully undergone one (1) three-day reassessment exercise that was conducted from 17 to 19 December 2007 by the same agency.

As a result of the above successful surveillance exercise, CSM had been granted a further three-year extension for both the certifications (ISO 9001:2008 and United Kingdom Accreditation Service ("UKAS")) under certification No. CI/5933 until 2 February 2011. The certifications were registered on 7 March 2008.

The coverage of both certifications includes provision of design, supply, installation and maintenance / support service of Century Financials.

ISO is an international standard for set of guidance documents intended for organisations in all types of industries for quality management. ISO 9000 is a set of standards for quality management systems that is accepted at more than 140 countries worldwide. It focuses mainly on managing an organisation's key processes for optimum and consistent out-put quality. ISO is a non-governmental organisation established in 1947 with headquarters in Geneva, Switzerland.

Similarly, UKAS, which is based in UK is the sole national accreditation body recognised by government to assess, against internationally agreed standards, organisations that provide certification, testing, inspection and calibration services. Accreditation by UKAS demonstrates the competence, impartiality and performance capability of these evaluators.

UKAS is a non-profit-distributing company, limited by guarantee, and operates under a Memorandum of Understanding with the Government through the Secretary of State for Innovation, Universities and Skills.

Payment Aggregation Software Division

TMX emphasises on product testing to ensure quality of its solutions, which is a critical success factor to the lifecycle of the product. Product testing via a series of thorough tests by the domain experts is done prior to the deployment of the product to the production servers.

The development process has been inspected and assessed by several independent parties. Furthermore, TMX and its banking clients have jointly conducted testing on infrastructure and integration setup, as well as the application system itself on a regular basis, where every successful implementation will be officially signed off and certified by TMX's clients.

TMX will continue improving the quality control procedures by implementing international standards to its solutions and related processes.

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5 INFORMATION ON OUR GROUP (Cont'd)

5.4.10 R&D

(i) R&D Policy

FMSS Division

CSM's R&D strategy is aligned towards the realisation of its corporate vision, namely, "To be the market leader in providing the next generation of financial solution with high value solution deliveries".

CSM recognises the importance of R&D and have always emphasised on investing a significant amount of money in it, particularly so when the IT business is subject to rapid technological changes. As it has successfully done in the past, CSM's R&D activities will be carried out with the following objectives in mind:-

- to provide growth to CSM's business;
- to create competitive edge products and services that will create barriers to entry;
- to increase CSM's customers satisfaction; and
- to increase CSM's revenue and profitability.

CSM's future R&D will be concentrated on the following:-

1. Continuous enhancement of its existing products and services

This enhancement will take into account our customers' requirements, technological advancement as well as competition.

2. Broadening the range of products and services

All R&D pertaining to the existing products and services will be carried out internally by CSM's personnel as this is more cost effective. In addition, to complement CSM's existing products, we also acquire other components from third parties to build new products, of which CSM owns the rights to these new products. This will reduce the workload of the existing R&D team and capital to undertake the R&D as well as, hasten the time to market of new products.

In implementing the above, emphasis will be placed on developing products and services that:-

- meet customers' needs;
- have flexible features to cater to the customers' diverse requirements;
- can perform a unique task for customers;
- are innovative; and
- will create value for CSM's customers, improve their efficiency and reduce their costs.

As CSM is now the market leader in the public sector segment, in particular the SAGA Initiative, it is also essential that all R&D efforts will ensure that its position is strengthened further. Therefore, greater emphasis will be placed on enhancing its competitive advantage especially its costs leadership, which has played an important role in putting CSM in its present position. To attain this, inventions and innovations are also crucial. Accordingly, CSM's personnel are encouraged to communicate with customers, which is the main external source of ideas. For internal innovation development, internal networking is promoted and encouraged.

Further, as CSM plans to expand its business overseas, i.e. Brunei, Indonesia and Cambodia, R&D will also take into account development of products and services that not only will meet international standards and requirements but also have global appeal.

5 INFORMATION ON OUR GROUP (Cont'd)

As part of CSM's corporate social responsibility, it plans to share part of the knowledge with local university students by offering internships and carrying out joint R&D programmes with local universities. Presently, CSM is planning to conduct "Open Source" development with Universiti Malaysia Pahang.

Payment Aggregation Software Division

TMX's R&D policies are focused on achieving the below objectives:-

- to provide growth opportunity to its business;
- to simplify user friendly interfaces for its application;
- to develop fast, secure and reliable applications with minimum down time; and
- to improve customer service and satisfaction.

TMX's future R&D will be concentrated on the following:-

1. Enhancements and value add services of its Max-Paygate Portal

These enhancements are based on the feedbacks & requirements from its customers and partners, market trends, improvised technology advancement and to be competitive.

2. Integration of mobile phone applications to its Max-Paygate Portal

In order to leverage on the rich user interface and features made available by new mobile phone technologies such as touch screens, etc. TMX intends to launch mobile phone based approval functions for its Max-Paygate Portal with reliable security measures. This will allow TMX's customers to approve payments / contributions directly from their mobile phones. This new service will allow mobile phone users to digitally sign documents and transactions.

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5 INFORMATION ON OUR GROUP (Cont'd)

(ii) Ongoing R&D Projects

Our planned R&D milestone for FYE 2010 to FYE 2012 are as follows:-

FMSS Division

Year	Milestones in pipeline (Major)	Product (where applicable)
2010	<ul style="list-style-type: none"> • Web2.0 technology and dashboard * • New module Loan Management Application * • New module Industrial Development * • Service pack management – Installation Tool * • e-Claim portal, staffs can login online to submit their advance and claim * • GST ready * • Load function for all setups/master files * • Cloud computing for e-claim * • iReporting * 	Version 8.0
2011	<ul style="list-style-type: none"> • Pekeliling Perbendaharaan 10/2008 – Jawatankuasa Pengurusan Kewangan Reporting ** • Encumbrance accounting – To log the budget from purchase requisition *** • Document management integration with open office, Century Financials, multiple platform, dual language ** • Version 8.2 workflow enhancement *** • Offline storage database *** • html 5 *** • Web 3.0 technology *** • Redesign chart of accounts creation *** • Remote accounting system - web based version *** • Optimising mobile interface *** • Semantic DSS – allows extraction of info from external system databases for effective decision making *** • Enhance staff portal to allow loan application *** • Support SMS gateway *** 	Version 8.2
2012	<ul style="list-style-type: none"> • Able to build reports by drag and drop fields *** • Navigate to source by clicking on the report link *** • Include new function in staff loan to cater for housing loan *** • SaaS deployment *** • Personalised work centre *** • Improve system message and online help *** • Embedded help centre for client *** • Enhanced integration & collaboration capabilities *** 	Version 8.4

Notes:-

* Completed.

** Design specification stage. Expected time of completion: 3 months.

*** Not started.

5 INFORMATION ON OUR GROUP (Cont'd)

Payment Aggregation Software Division

Year	Milestones in pipeline (Major)	Product (where applicable)
2010	<ul style="list-style-type: none"> New function - payments/contributions to statutory bodies * Mobile phone based approval for Max-Paygate * 	Max-Paygate 3.0 i-Approve 1.0
2011	<ul style="list-style-type: none"> e-Bayaran portal for statutory payments ** Enhancements of user interface features and improvisation of workflow *** Enhancements of mobile phone based review / approval *** Enhancements of e-Bayaran portal for statutory payments *** 	e-Bayaran 1.0 Max-Paygate 3.1 i-Approve 2.0 e-Bayaran 1.1
2012	<ul style="list-style-type: none"> Modernisation of the presentation layer of Max-Paygate portal with facilities like Touch screens, digital approval signing *** Upgrade to comply to new Microsoft .net version *** Further tightening of data security features based on the latest security standards *** 	Max-Paygate 3.2

Notes:-

* Completed.

** Design specification stage. Expected time of completion: within 2 months.

*** Not started.

(iii) Achievements in R&D**FMSS Division**

Since CSM's incorporation in 1997, CSM has been actively involved in R&D activities. A summary of its R&D efforts in the development of its products and their respective roll out dates are as follows:-

Year	
1997	Development of Version 5.1 – a Beta Version of 5.2
1998	Launch of Version 5.2 with the introduction of new modules and features
1999	Launch of Version 5.2 with Y2K compliant made available for 7 sites awarded by the Government
2001	Release of Version 6.0
2002	Release of Version 6.2
2003	<ul style="list-style-type: none"> Launch of Version 6.4 with GUI, in line with the latest technology Launch of multi-database capability for Version 6.4 Launch of our new additional product, i.e., Executive Information System, a Management Dashboard
2004	Launch of Version M Series – New technology with Smart User Interface – client running on browser
2005	<ul style="list-style-type: none"> Introduced Supplier, Customer and eCredit Management portals as well as work flow. The portals allow the public to access the agencies portals to view the status of payments, receipts, etc. Major upgrades to our workflow features Our 1st customer to use the SQL server as their database application – LKM
2006	Developed and released Version 7.0

5 INFORMATION ON OUR GROUP (Cont'd)

Year	
2007	<ul style="list-style-type: none"> ▪ Launch of our new product, i.e., Century Business Performance Management ▪ Launch of Version 7.4
2008	Enhancement of Century Business Performance Management with development of Budget Preparation Module
2009	<ul style="list-style-type: none"> ▪ Release of beta Version 8.0 ▪ Global language support iReport (User Defined Reporting) ▪ Barcoding for fixed asset and stock take
2010	<ul style="list-style-type: none"> ▪ New modules – Medical Tracking System, Student Accounting System, Company Investment ▪ Schedule Tax Deduction (“PCB”) 2010 including enhancement to staff portal

Payment Aggregation Software Division

Since TMX's incorporation in 2002, it has been actively involved in R&D activities. A summary of its R&D efforts in the development of its products and its respective roll out dates are as follows:-

Year	
2004	Max-Paygate was customised for RHB Bank Berhad under the white label eHR ² & successfully deployed. This application will be used by RHB Bank Berhad's corporate/SME customers to pay salary to their employees.
2005	eHR ² (powered by Max-Paygate) was enhanced to allow RHB Bank Berhad's corporate/SME customers to do the EPF contribution their employees.
2006	eHR ² (powered by Max-Paygate) was enhanced to allow RHB Bank Berhad's corporate/SME customers to do the SOCSO contribution their employees.
2007	<ul style="list-style-type: none"> • eHR² (powered by Max-Paygate) was enhanced to allow RHB Bank Berhad's corporate/SME customers to do the LHDN contribution their employees. • Max-Paygate MPS was included as a sub set of Max-Paygate. Max-Paygate MPS was successfully deployed for MBF Cards (M) Sdn Bhd to pay their wide range of merchants having accounts in various local and foreign banks.
2009	<ul style="list-style-type: none"> • Max-Paygate was customised for CIMB Bank Berhad under the white label CIMB Gateway and was successfully deployed. This application will be used by CIMB Bank Berhad's corporate/SME customers to various kinds of e-Payments. • Launched our online portal Max-Paygate 2.0 This portal will be used by Max-Paygate customers to make various kinds of payments to local and foreign banks.
2010	<ul style="list-style-type: none"> • Included Web Services in Max-Paygate 2.0 to facilitate our customers/partners to send payment instruction directly from their accounting/ERP applications etc. This service will help in increasing the transaction volume in the portal. • Max-Paygate was customised for CIMB Thai Bank Public Company Limited under the white label CIMB Thai Gateway and was successfully deployed. This application will be used by CIMB Thai Bank Public Company Limited's corporate/SME customers for various kinds of payments / collections.

5 INFORMATION ON OUR GROUP (Cont'd)**(iv) R&D Expenditure**

The amount spent on R&D for the past three (3) FYE 2007 to 2009 and the 7-months FPE 31 July 2010 is as follows:-

FMSS Division

	Audited			7-months FPE
	FYE			31 July
	2007	2008	2009	2010
R&D expenditure (RM'000)	780	1,225	2,534	1,534
Revenue (RM'000)	18,246	24,272	25,544	14,462
% of R&D expenditure over revenue (%)	4.27	5.05	9.92	10.61

Payment Aggregation Software Division

	Audited			7-months FPE
	FYE			31 July
	2007	2008	2009	2010
R&D expenditure (RM'000)	1,251	895	785	410
Revenue (RM'000)	4,249	5,187	4,578	3,980
% of R&D expenditure over revenue (%)	29.44	17.25	17.15	10.30

Note:-

* For comparative purposes, the R&D expenditure and revenue was intrapolated from 18 to 12 months

(v) R&D Personnel**FMSS Division**

CSM's R&D Department was established in 1997 and its scope is determined by the Board of Directors. As at LPD, the R&D team has 21 personnel, headed by CSM's CTO Mark John Rees. As the R&D activities of CSM are focused on software development, the R&D team is made up of accountants, software engineers and programmers with various expertise and strengths in system design, software programming, system analysis and testing.

As its main products are financial software, specialising in the public sector, it is also essential that its R&D personnel are equipped with knowledge in these areas. CSM comprehends the importance of this and ensures that the R&D team is always updated with the latest accounting and other relevant requirements by making it compulsory for the R&D team to attend courses, especially those conducted by governing bodies pertaining to the following:-

- Financial Reporting Standards set by the Malaysian Accounting Standards Board;
- International Public Sector Accounting Standard Board; and
- Government Circulars such as 'Pekeliling Perbendaharaan' and 'Surat Pekeliling Perbendaharaan'.

Our CTO, Mark John Rees, is supported by CSM's R&D Senior Manager, Sothy A/P Sundara Raju. Their profiles are set out in Section 9.4 herein.

Payment Aggregation Software Division

TMX's R&D team was established in 2002. As at LPD, the R&D team has 11 personnel, headed by its CEO Abdul Mushir bin Che Chik and supported by its Application Head, Sujith Sharatchandran who oversees a team comprising of senior technical consultants and analyst programmers with various expertise and strengths in documentation, coding and testing.

TMX's R&D team strives to leverage on the latest technological knowledge, experience, creativity and trends to develop innovative business solutions for its clients. The team ensures that this division is in the know of new emerging technologies which can have a significant impact on its clients' business in the coming years.

5 INFORMATION ON OUR GROUP (Cont'd)

5.4.11 Approvals, Major Licences and Permits

FMSS Division

The major licences and permits for CSM are as follows:-

Authority/Type	Description of License	Issue Date/ Expiry Date	Major Conditions Imposed	Status of Compliance
MoF	Bumiputera Contractor License	9 September 2008 / 16 September 2011	Please refer to Section 10.1 herein	Please refer to Section 10.1 herein
MoF	MOF Contractor License	17 September 2008 / 16 September 2011	Please refer to Section 10.1 herein	Please refer to Section 10.1 herein
MoF and MITI	MSC Malaysia Status Certificate	17 August 2006	Please refer to Section 10.1 herein	Please refer to Section 10.1 herein
MITI	Pioneer Status under the Promotion of Investment Act 1986	13 October 2006 / 12 October 2011	Pioneer Status Certificate No. 2625 issued pursuant to the <i>Promotion of Investment Act 1986</i> certifying that CSM is a company carrying out pioneer status activities as follows:- a. Research, development and commercialisation of the Century Financial Management System Version 7.0 onwards – An Integrated Financial Management Application; and b. Provision of technical support and services related to Century Financial Management System Version 7.0 onwards.	Complied

5 INFORMATION ON OUR GROUP (Cont'd)

Payment Aggregation Software Division

The major licences and permits for TMX are as follows:-

Authority Type	Description of License	Issue Date/ Expiry Date	Major Conditions imposed	Status of Compliance
MoF and MITI	MSC Malaysia Status Certificate	24 September 2002	Please refer to Section 10.1 herein	Please refer to Section 10.1 herein
MITI	Pioneer Status under the Promotion of Investment Act 1986	24 September 2002/ 23 September 2007 Extension: 24 September 2007 / 23 September 2012	<p>Pioneer Status Certificate No. 2687 issued pursuant to the <i>Promotion of Investment Act 1986</i> certifying that TMX is a company carrying out pioneer status activities as follows:-</p> <p>a) The development of the following TMX suite of electronic banking software solutions:</p> <ul style="list-style-type: none"> ❖ T Melmax Bank Now ❖ T Melmax Loan Now ❖ T Melmax Customer Now ❖ T Melmax Deposit Now ❖ T Melmax Tell Now ❖ T Melmax Collect Now ❖ T Melmax Originate Now ❖ T Melmax Trade Now ❖ T Melmax Pay Bill Now ❖ T Melmax e-Now <p>b) The development of mobile banking applications such as:</p> <ul style="list-style-type: none"> ❖ T Melmax Wap Now ❖ T Melmax Alert Now <p>c) The development of an electronic payment gateway and an e HR Portal for an integrated employee payroll management system.</p> <p>d) The development of related modules and applications.</p>	

5 INFORMATION ON OUR GROUP (Cont'd)

Authority Type	Description of License	Issue Date / Expiry Date	Major Conditions Imposed	Status of Compliance
MoF	Certification of registration as a contractor with the MOF	26 December 2007 / 25 December 2010	Please refer to Section 10.1 herein	Please refer to Section 10.1 herein
MoF	Bumiputera Contractor License	11 August 2009 / 25 December 2010	Please refer to Section 10.1 herein	Please refer to Section 10.1 herein
Malaysian Communication and Multimedia Commission ("MCMC")	ASP class license for SMS messaging services	29 June 2010 / 28 June 2011	None	NA

Note:-






* TMX had on 8 November 2010 submitted an application for renewal and the MOF had on 24 November 2010, rejected the renewal application due to an overlapping of registration categories with other companies which a Director of TMX (who is a representative of MAVCAP) is also involved in. Subsequently on 1 December 2010, an appeal letter from MAVCAP was submitted and the application is currently being processed

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5 INFORMATION ON OUR GROUP (Cont'd)

5.4.12 Brand Names, Patents, Trade Marks, Licences, Technical Assistance Agreements, Franchises and Other Intellectual Property Rights

As at the date of this Prospectus, we have submitted the following trademark application and trademark assignment recordal applications for the following:-

Applicant	Registration Application No./ Class No./ Date	Description	Status
CSM 	09005268 / Class 16/ 1 April 2009	Advertisement board of paper or cardboard; bags of paper or plastics, for packaging; banners of cardboard; banners of paper; books; bunting (paper/plastic); cardboard articles; cards; catalogues; envelopes; newsletters; paper sheets; pencils; pens; posters; printed publications; signboards of paper or cardboard; stationery ; all included in Class 16.	Pending approval.
TMX 	06013983 / Class 9 / 17 October 2008	Calculating machines, computer programs, data processing equipment and computers, electronic banking software solutions, electronic payment gateway, magnetic data carriers, mobile banking applications, recording discs, software.	Registered under T-Global. Application for Recordal of Assignment to TMX was filed on 7 June 2010.
TMX 	06014103 / Class 42 / 3 December 2008	Technological services and research and design relating thereto, design and development of computer hardware and software.	Registered under T-Global. Application for Recordal of Assignment to TMX was filed on 7 June 2010.
TMX 	06014104 / Class 35 / 18 March 2008	Business Management, business administration, office function.	Registered under T-Global. Application for Recordal of Assignment to TMX was filed on 7 June 2010.
TMX 	06013984 / Class 9 / 24 March 2008	Computer programs, software.	Registered under T-Global. Application for Recordal of Assignment to TMX was filed on 7 June 2010.

5 INFORMATION ON OUR GROUP (Cont'd)

As at the date of this Prospectus, we have also filed with the Intellectual Property Corporation of Malaysia the following patent registration application under the Patents Regulations 1986 (Regulation 10(2)):-

Applicant	Application No. / Date	Description of Invention	Status
TMX	PI 20092871 / 8 July 2009	Internet based payment portal with multiple inbound and outbound file formats.	Pending approval.

5.4.13 Our Competitive Strengths and Advantages

FMSS Division

(i) Proven Track Record in the Public Sector

In order to provide FMSS to the Government agencies, CSM is required to have a proven track record, financial sustainability, strong capital and human resource capabilities, enterprise-level scalability, customisation and standards conformity. The complexity of FMSS provided to Government bodies is compounded by the number of agencies, departments and divisions that a government has as well as the inter-agency and inter-department dealings.

FMSS complying with the accounting standards, reporting and processes set by the Government is not the same as those designed for the private sector. Unlike the private sector where there are a multitude of competitors for the provision of FMSS, the public sector possesses a more oligopolistic environment. (Source: IMR Report prepared by D&B Malaysia)

Over the years, CSM has established a strong presence within the public sector and possess a proven track record in serving the Government sector. Accordingly, CSM is usually considered one of the preferred FMSS providers due to its entrenched position.

(ii) SAGA-Compliant FMSS

The capabilities of CSM's solutions, especially in terms of performance and functionality, to a certain extent, is acknowledged as it was endorsed by the Government under the SAGA Initiative for implementation in all its Federal Statutory Bodies.

For SAGA-compliant FMSS providers, the Government has recognised ONLY two (2) FMSS for Federal Statutory Bodies, namely SAGA Century, a subset of Cfg from CSHB and SAGA 3 from KJSB. Nonetheless, we are the leading SAGA compliant FMSS provider to the public sector, having implemented the SAGA system in 62 Federal Statutory Bodies compared to 7 by KJSB.

Since 2004, CSM has secured all the contracts under Phase I of the SAGA Expansion Programme and all the contracts awarded to date under Phase II of the SAGA Expansion Programme. CSM was also awarded Phase III, i.e. the contract by ANM to upgrade 16 government agencies from SAGA Century Version 6.4 and 7.0 to Version 7.4 in the fourth quarter of 2007. (Source: 2008 Annual report issued by ANM)

At the beginning of 2009, in line with the SAGA Expansion Programme, CSM has been awarded a contract to implement additional seven (7) government agencies.


The SAGA recognition also creates a barrier of entry to new entrants, making this sector a niche market to CSM.

On the other hand, "with the appropriate domain knowledge and expertise, the SAGA-compliant FMSS providers are also able, by extension, to promote their services to other government agencies not under the Federal Statutory Bodies" (Source: IMR Report prepared by D&B Malaysia).

5 INFORMATION ON OUR GROUP (Cont'd)

(iii) Competitive Pricing

Competitors can be analysed based on modules, pricing, market and customer size. The following table shows the position of various players in the FMSS market in Malaysia.

Segment	Company
Tier I	 <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">KJSB</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Microsoft</div> </div> <div style="display: flex; justify-content: space-around; align-items: flex-start; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">ORACLE</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">SAP</div> </div>
Tier II	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Infotech Alliance</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">IFCA Software</div> </div>
Tier III	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">FACT</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Ariantec</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Ingenuity</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">OBM Software</div> </div>
Tier IV	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">ACE Software</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Careware Software</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">ICS</div> </div> <div style="display: flex; justify-content: space-around; align-items: flex-start; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">MYOB</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Sage UBS</div> </div>

Market Segmentation by Products

Segment	Description
Tier I	<p>Tier I consists of FMSS that serve large companies and organisations, e.g., MNCs, Government agencies and financial institutions. Under Tier I, the FMSS provided are usually not stand-alone but part of a larger integrated business software application system such as ERP. The FMSS in this category are fully customisable to any organisation in any industry. These are substantially extensible and scalable, able to handle large volumes of data transactions and users spread across different countries. The FMSS in Tier I would cost around RM2,000,000 and above.</p>
Tier II	<p>Tier II consists of FMSS which provide limited ERP applications but are still considered high-end due to the level of customisation involved. The customisations in this category are less complicated. The FMSS in this category are also extensible and scalable but cannot be compared to the scalability and extensibility of Tier I FMSS.</p> <p>The FMSS in this category usually caters to organisations that are developing and expanding their business to a considerable size and would cost around RM500,000 to RM2,000,000.</p>

5 INFORMATION ON OUR GROUP (Cont'd)

Segment	Description
Tier III	Tier III consists of FMSS which offers less expensive applications that have relatively limited customisation in order to integrate into the existing operations of an organisation. The FMSS in this category offer the standard modules that most organisations require to handle their accounting needs and are only able to handle moderate volumes of transactions and number of users. The FMSS sold in this category costs around RM100,000 to RM500,000.
Tier IV	Tier IV consists of FMSS with affordable applications within a range of RM500 and RM100,000. These FMSS offer only the standard accounting modules and its main features are marginally customisable and can only handle small data transactions and a limited number of users. Tier IV FMSS are referred to as 'off-the-shelf' software products, targeted at the lower to middle end of the private sector market.

(Source: IMR Report prepared by D&B Malaysia)

CSM's Century Financials is mainly positioned in the Tier I and II segments of the Malaysian FMSS industry competing against SAP and Oracle when tendering for FMSS projects. Notwithstanding, it has successfully secured contracts from large Government Agencies such as SOCSO, MIDA, UMMC and CCM for our CFg.

Although CSM is presently positioned together with well established international companies as shown above, it has an advantage over them in terms of competitive pricing.

Payment Aggregation Software Division

(i) Attractive product features

TMX is a payment aggregation software provider who offers an array of product features as an alternative to conventional payment methods e.g. via cheque or mail or over the counter at banks. Customers typically adopt the technology as they learn to appreciate its benefits which may eventually lead to widespread adoption across organisations.

The features/benefits of its solutions are as follows:-

- able to accept multiple file formats of customers in their legacy systems;
- multiple language compatibility;
- the provision of response files for reconciliation;
- the provision of email advising to beneficiaries;
- the provision of liaison between customers and multiple banks; and
- mobile token using handphones for greater convenience by users.

(ii) Processes and Domain knowledge

TMX has spent several years setting up the payment connectivity with its panel banks which is mainly via FTP with security settings.

This is a long process and requires extensive work with the banks on technical requirements. TMX is unique in that it has set-up such connectivity with the banks with the relevant file formats for the different services as well as complying with their security settings which include hashing and encryption.

5 INFORMATION ON OUR GROUP (Cont'd)

Another area of competence is its file format mapping modules. This means that TMX is able to accept files from clients in the legacy accounting and/or payroll systems including ERP systems such as Century Financials, SAP, Oracle, Sage UBS, MYOB, HRSC, HR2000 and Microsoft Excel. As its clients are not required to prepare their payment files in the specified formats of the banks, they save on customisation fees which also make it much easier for them to start using e-payments. With the file format mapping, they can also download the response file following payment for upload to their accounting system for reconciliation purposes.

TMX also provides a unique 2 Factor Authentication which can be utilised using a PC based token, USB drive token or our special mobile token. The mobile token is especially convenient as users will have the convenience of not carrying any devices with them when they use its portal.

5.4.14 Interruptions in Operations During the Past Twelve (12) Months

There has been no interruption to our business or operations in the past twelve (12) months.

5.4.15 Exceptional Factors Affecting the Business

Save for the risk factors highlighted in Section 4 of this Prospectus, we do not foresee any exceptional factors, which may affect our business.

5.4.16 Major Customers

FMSS Division

CSM's major customers, contributing to more than 10% of CSM's revenue, for the past three (3) FYE 2009 and the 7-months FPE 31 July 2010 are as follows:-

Customer Name	Nature of Services	Length of Relationship	Percentage of total revenue			
			FYE 2007	FYE 2008	FYE 2009	7-months FPE 31 July 2010
Total revenue (RM'000)			18,246	24,272	25,544	14,462
LHDN	FMSS and e-Ras project	5 years	12.94%	32.61%	18.58%	7.68%

As shown above, although, LHDN contributed more than 10% towards our revenue for the past three (3) FYE 2009, the remaining nine (9) of our top ten customers contributes approximately 43% of CSM's revenue over the said period.

Revenue for the FYE 2007 from LHDN relates to the remaining of billings for the project secured in 2006.

The revenue from LHDN for the FYE 2008 and FYE 2009 on the other hand relates to separate and distinct projects. The e-Ras (E-Revenue Accounting System) project was a conversion of tax ledger from cash basis to accrual whereby the monthly PCB (Potongan Cukai Bulanan) deduction and the assessment following the month of April is put into a single ledger to facilitate refunds for the year. CSM had to extract, convert and migrate data from LHDN's core tax system using "Accounting Rule Engine" into the system of about 45 million records which involve about 3.5 million taxpayers.

5 INFORMATION ON OUR GROUP (Cont'd)**Payment Aggregation Software Division**

TMX's major customers, contributing to more than 10% of TMX's revenue, for the past three (3) FYE 2009 and the 7-months FPE 31 July 2010 are as follows:-

Customer Name	Nature of Services	Length of Relationship	Percentage of total revenue			
			FYE 2007	FYE 2008	FYE 2009	7-months FPE 31 July 2010
Total revenue (RM '000)			6,373	5,187	4,578	3,980
Bank Rakyat	ID management software	4 years	29.46%	19.41%	17.61%	10.01%
MBF Cards (M) Sdn Bhd	Payment and collections services	6 years	15.31%	38.36%	42.02%	26.62%
RHB Bank Berhad	Payment services and other system integration related project	8 years	44.90%	31.54%	22.29%	1.16%
EPF	ID management software	2 years	-	-	6.59%	53.90%

For the past three FYE 2009, the revenue contribution from Bank Rakyat, MBF Cards (M) Sdn Bhd and RHB Bank Berhad have exceeded 80% of TMX's total revenue. The contribution was mainly due to the related projects carried out during this period.

The contributions from Bank Rakyat have dropped from 29% to 10% due to near completion of the system implementation project. The contribution from RHB Bank Berhad has also dropped from approximately 45% to 1% in the 7-months FPE 31 July 2010 due to the expiration of the three (3) year revenue sharing arrangement for e-HR, a payroll payment system and the near completion of a system integration project. As for MBF Cards (M) Sdn Bhd, the contributions has increased from approximately 15% to 42% due to higher sales volume of Max-Paygate MPS and additional services offered, namely credit card e-collections and Max-Paygate PPS. However, the contribution from MBF dropped to approximately 27% for the 7-months FPE 31 July 2010 due to a higher discount provided to MBF since January 2010.

The contribution from EPF was from a 2009 ID management project which was completed in December 2010.

Moving forward, TMX expects to reduce the reliance on these three (3) customers as it strives to increase its customer and product base by leveraging on its business partners.

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5 INFORMATION ON OUR GROUP (Cont'd)

5.4.17 Major Suppliers

FMSS Division

CSM's major suppliers, making up more than 10% of our cost of sales, for the past three (3) FYE 2009 and the 7-months FPE 31 July 2010 are as follows:-

Supplier Name	Nature of purchases	Length of relationship	Percentage of total cost of sales			
			FYE 2007	FYE 2008	FYE 2009	7-months FPE 31 July 2010
Total cost of sales (RM '000)			9,308	12,157	10,989	6,703
DSSB	Software implementation services	10 years	26.81%	-	-	-
Infotech Distribution System Sdn Bhd	Hardware	5 years	3.85%	13.43%	2.65%	7.92%
Avnet Azure Sdn Bhd	System Software	7 years	1.11%	2.28%	2.49%	7.13%

DSSB is a company that CSM outsourced our software implementation work such as project analysis, design and construction, implementation, training and maintenance. However, CSM has ceased to outsource its software implementation work to DSSB since 1 January 2008. Since then, software implementation work has been done in house.

Infotech Distribution System Sdn Bhd is CSM's hardware supplier. For each project, it will request quotations from the relevant suppliers and select after an evaluation has been done taking into account factors such as quality, price, experience with them and their support. Therefore CSM does not foresee being dependent on any single supplier.

Avnet Azure Sdn Bhd is a distributor for IBM software and hardware in Malaysia. As some of CSM's clients are currently users of IBM Software Databases, CSM would procure the system software upon its clients' requests whenever there is need for database servers in the project.

Payment Aggregation Software Division

TMX's major suppliers, making up more than 10% of our cost of sales, for the past three (3) FYE 2009 and the 7-months FPE 31 July 2010 are as follows:-

Supplier Name	Nature of purchases	Length of relationship	Percentage of total cost of sales			
			FYE 2007	FYE 2008	FYE 2009	7-months FPE 31 July 2010
Total cost of sales (RM '000)			3,110	1,956	2,480	2,768
Netnation Sdn Bhd	Identity Management Services	6 years	20.90%	20.82%	2.70%	-
Jardine One Solutions Sdn Bhd	Hardware	6 years	23.60%	7.38%	8.02%	-
CIMB Bank Berhad	Settlement services	4 years	7.39%	21.49%	20.52%	11.44%
RHB Bank Berhad	Settlement services	4 years	3.34%	14.05%	8.55%	3.07%
Xynapse Sdn Bhd	Identity Management Services	6 years	9.45%	8.78%	23.31%	71.29%

5 INFORMATION ON OUR GROUP (Cont'd)

For the three (3) FYE 2009, CIMB Bank Berhad, Netnation Sdn Bhd, Jardine One Solutions Sdn Bhd have been our major suppliers. However, the contributions have gradually dropped from approximately 52% in 2007 to 11% in the 7-months FPE 31 July 2010.

The significant contribution from Xynapse Sdn Bhd for the 7-months FPE 31 July 2010 was due to them being the main subcontractor for the EPF ID management project.

Moving forward, TMX is expecting to procure more panel banks as its suppliers, thus reducing its reliance on the current group of major suppliers.

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5 INFORMATION ON OUR GROUP (Cont'd)

5.4.18 Information on Employees and succession plans**(A) Our Employees Structure**

As at the LPD, a total of 147 persons are employed in our Group, including Directors, which is adequate for our day-to-day operations.

The structure of CSM's workforce is as follows:-

Employee Category	FYE 2007	FYE 2008	FYE 2009	LPD
Management	10	10	10	10
R&D	4	18	19	21
Sales & Marketing	6	8	8	12
Finance & Administration	9	8	8	9
Professional Services	30	35	33	40
Support Services	27	22	19	29
Total	86	101	97	121

The structure of TMX's workforce is as follows:-

Employee Category	FYE 2007	FYE 2008	FYE 2009	LPD
Management	2	2	2	2
R&D	11	11	11	11
Sales & Marketing	3	1	2	2
Finance & Administration	3	3	3	3
Professional Services	2	3	3	4
Support Services	5	5	4	4
Total	26	25	25	26

Our Board believes that the working relationship between our key management and our employees are cordial. There have been no labour or industrial disputes between our employees and our management which have had a material adverse financial impact on our Group. None of the employees of our Group belong to any trade union. Our Group does not employ a significant number of contract employees and all employees are based in Malaysia.

(B) Training and Development

The sustainable and growing asset of our Group is our human resources. We place high emphasis on our HR policy development in the areas of recruiting, developing, training and retaining suitably qualified staff as a basis to grooming our knowledge workers.

We conduct yearly assessment of staff requirements and ensure that our staff attends certain training or courses during the year that are relevant to their field of work. We also encourage our staff to propose certain courses which they feel would benefit their work. We have also provided numerous in-house trainings to improve their skill sets and familiarise them with latest technological trends in the industry.

Having two wholly owned subsidiary companies with MSC Malaysia Status and with additional funds raised from the Public Issue, we will be able to strengthen our marketing team, employ more knowledge workers and increase our expenditure for R&D activities.

5 INFORMATION ON OUR GROUP (Cont'd)

(C) Management Succession Plan

As part of our management succession plan, we have identified middle management personnel across all levels to assist the heads of various business divisions in order to facilitate skill transfer so as to ensure smooth running and continuity of the operations of our Group. Our Group will continuously invest in education and encourage a knowledge-based culture as part of our management succession plan.

In addition, attractive remuneration packages would be drawn up to retain existing talented, qualified, skilled, motivated employees and attract creative and talented people to join our Group. We believe the attractive remuneration package would also increase productivity and the loyalty of our key management personnel. For information purposes, ten (10) out of eleven (11) our key management personnel have been with our Group for more than three (3) years.

5.5 FUTURE PLANS, STRATEGIES AND PROSPECTS

5.5.1 Future Plans and Strategies of Our Group

Moving forward, we plan to implement strategies and plans via the following avenue:-

(A) e-Bayaran portal

With the view of leveraging on the synergistic benefits between TMX and CSM, we have conceptualised e-Bayaran, a one-stop B2G portal for companies to make payment to various government bodies. The main objective of this portal is to assist government bodies such as EPF, SOCSO and LHDN by simplifying the collecting corporate payments on their behalf in a simple and efficient manner using the latest web based solutions as well as electronic payments. Essentially, e-Bayaran will be able to reduce the government bodies' cost of processing payments received from companies and improve its service to contributors by ensuring all contributions received are accurately credited to their accounts in a timely manner.

e-Bayaran provides a convenient web-based solution for companies to effortlessly submit their electronic files containing information on their employees. The portal will accept files generated from the software of the companies such as CSM, UBS, MYOB and so on. For the smaller companies, they can also use a specially prepared Microsoft Excel spreadsheet which is commonly used by most companies. This spreadsheet can be downloaded for free from www.maxpaygate.com.

Upon the submission of such files, instructions will be sent to the companies' banks for debiting of their accounts for payment to the Government bodies. Upon confirmation of payment from the banks, Government bodies can proceed to credit the accounts of the contributors.

The process time would essentially be shortened as government bodies will be able to

- process all payments faster;
- reduce data entry costs;
- reduce data processing costs;
- reduce postage/ courier costs;
- reduce manual intervention through straight through processing;
- auto-reconcile payments received; and
- reduce overall manual tasks.

The e-Bayaran portal has recently started its pilot run with PZNS, with the status of completion currently at 75%. In addition, we have also submitted proposals to a few Government agencies. The e-Bayaran portal is expected to contribute between 10% - 15% of the Group's revenue (depending on usage rate) at the initial stage. This contribution is expected to increase further over next 3 years as the portal's user base increases.

5 INFORMATION ON OUR GROUP (Cont'd)

(B) Local Market and Overseas Expansion

Under CSM, our present focus is in the public sector in Malaysia. Presently, we have a cost advantage over our main competitors, namely, well established international solution providers such as SAP and Oracle.

To strengthen CSM's position as the cost leader and our ability to be competitive, especially internationally, we will continue to manage both operating and development costs efficiently, as well as continue to be innovative and develop better features for our products. In terms of operating costs, emphasis is placed on cost controls and increasing productivity. We will leverage on this strength to penetrate into the existing public sector market in Malaysia, where there are over 500 agencies in the federal, state, local/ municipal levels as well as educational institutions and GLCs.

We also plan to offer our products to Brunei, Indonesia and Cambodia, concentrating on the public sector in view of our track record in Malaysia. We expect to be able to penetrate these markets within two (2) years after Listing.

TMX have spent several years establishing the payment connectivity with our panel banks. With this in place, we are now in the position to serve various industries in the area of e-payment transactions. Moving forward, we will continue to develop and customise our payment and collection solutions to meet the specific requirements of our clients, whilst expanding into new services such as dividend payments.

We have already extended our payment gateway to CIMB Thai Bank Public Company Limited. We intend to leverage on this experience to offer our services to other countries within the South East Asia region.

(C) Intensify R&D activities and product development

Under CSM, we aim to achieve systems functioning on multiple platforms, connected to varied database engines, interfaces through industry open-standards XML web services and GUI in varied client platforms. This will clearly give complete flexibility for deployment and roll-out in whichever preferred platform of our customers. Our goal is to become a world-class, unique dynamic enterprise system that caters to the requirements of a diverse cross-section of industries in the area of financial management.

Further, with the advent of the Internet and its pervasive accessibility, demand by application vendors from their user base and target market is to provide systems that utilise this Internet infrastructure. In line with this, our Group is making a major shift in the technological deployment of its application, where its application will be available through the Internet, intranet, extranet, LAN, or WAN, making the product completely Internet and Web-Computing technology oriented.

Under TMX, we strive to continuously develop our services to meet customers' requirements. This includes improving and ensuring that our services are compatible with the latest IT platforms. Our vision is to become one of the leading regional e-payment and collection service provider, with cost effective customised solutions that caters to the requirement of SMEs, large corporations and government bodies.

Therefore, we will continue to place emphasis on R&D, especially in improving our product performance, flexibility, features and as mentioned earlier, technical innovation.

Please refer to Section 5.4.10 (ii) of this Prospectus for more information on the future product development of our Group.

5.5.2 Prospects of our Group

Please refer to Section 6 of this Prospectus for more information on the industry prospects of our Group.

6 INDUSTRY OVERVIEW

6.1 FMSS INDUSRTY



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29 December 2010

Board of Directors
Century Software Holdings Berhad
Level 18, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.

Dear Sirs

**EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT
("EXECUTIVE SUMMARY") FOR CENTURY SOFTWARE MALAYSIA SENDIRIAN
BERHAD ("CSM" OR THE "COMPANY")**

This Executive Summary has been prepared for inclusion in the Prospectus to be dated 12 January 2011, pursuant to the listing of Century Software Holdings Berhad on the Main Market of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview of the financial management software solution industry in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, Government literatures, in-house databases, Internet research and online databases.

Dun & Bradstreet (D&B) Malaysia Sdn Bhd ("D&B Malaysia") has prepared this Executive Summary in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Executive Summary. In addition, D&B Malaysia acknowledges that if there are significant changes affecting the contents of the Executive Summary after the issue of the Prospectus and before the issue of securities, then D&B Malaysia has an on-going obligation to either cause the Executive Summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the Executive Summary in the Prospectus.

The Executive Summary is highlighted in the following sections.

Yours faithfully,
for and on behalf of
DUN & BRADSTREET (D&B) MALAYSIA SDN BHD

A handwritten signature in black ink, appearing to read 'Tan Sze Chong', written over a light blue horizontal line.

TAN SZE CHONG
Managing Director



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1 EXECUTIVE SUMMARY

1.1 DESCRIPTION OF INDUSTRY: FINANCIAL MANAGEMENT SOFTWARE SOLUTION INDUSTRY

1.1.1 BACKGROUND AND DEFINITION

A Financial Management Software Solution (“FMSS”) comprises multiple software modules that are utilised by organisations to standardise certain operational flows, improve efficiency, reporting and analysis, as well as electronic data storage for easy retrieval. For the purpose of this report, FMSS are defined as solutions that comprise finance and accounting modules such as general ledger, cashbook, payroll, accounts payable and accounts receivable; and sub-modules such as human resources, fixed asset management, business intelligence, and planning, budgeting and forecasting.

FMSS are designed according to the accounting standards of the respective countries that they are implemented. For example, FMSS designed for Malaysian companies would incorporate Malaysian Accounting Standards Board (“MASB”) and Financial Reporting Standards (“FRS”) accounting standards. Aside from differing accounting standards, FMSS are also customised according to sector (public/private) and industry and sub-industry segments. For example, FMSS designed for government use would differ from FMSS designed for multinational corporations, conglomerates and small and medium sized enterprises.

The FMSS modules gather financial-related information or data which will be used for performance analysing, reporting, auditing and decision-making within both public and private sectors. It is an automated solution that involves data processing and maintenance, analysing and reporting for accounting, supply chain, human resources, fixed asset management, business intelligence and planning, budgeting and forecasting. All the information or data of the transacted processes will be stored within a database. Some organisations have a secondary database that is used as a backup. Examples of well known databases used include Microsoft SQL, IBM DB2, Oracle and IBM Informix.



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Some of the major benefits of FMSS are cost savings, enhancing transparency, accountability and efficiency as well as improving productivity. FMSS allows digitalisation of financial information therefore reducing storage space. Information retrieval is also made more efficient through the use of FMSS. Mountains of paperwork, time wasting calculations and verification of computations can be reduced. In addition, it enables financial officers/personnel, company accountants or financial controllers to have a better control in terms of proper procedures and protocols. The users of FMSS can easily retrieve information such as information on accounts receivable for past years. The stored data can be converted into valuable information for mission-critical decision making or for immediate assessment of current financial status.

Generally, FMSS

- i. facilitate accuracy and timeliness in the preparation of financial statements
- ii. enable the usage of a standard format
- iii. facilitate the usage of a standard work process
- iv. facilitate faster search of information
- v. improve internal controls within the company

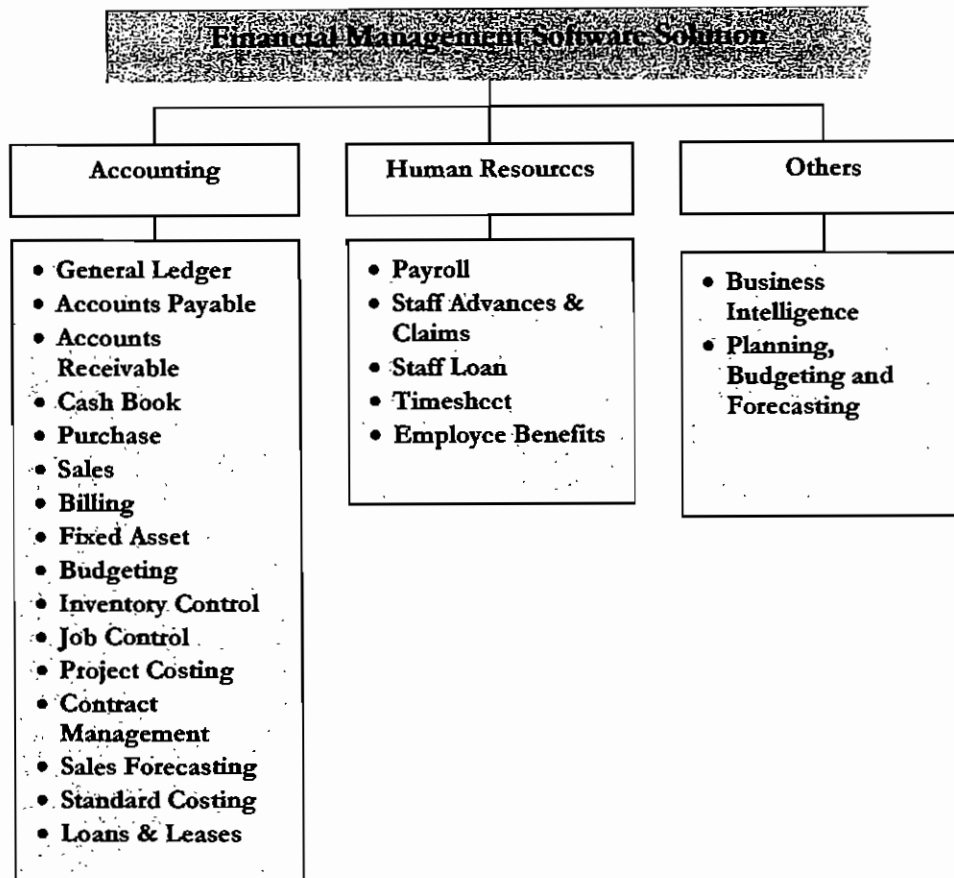
In short, FMSS offers users a computerised environment as compared to the conventional manual bookkeeping and accounting methods, which allow faster, safer and more efficient methods of collecting accounting data and managing crucial accounting and financial records.

The modules and sub-modules shown in the figure below are common FMSS modules available in the market. However, depending on customer's requirements and needs, there are also other modules like enterprise resource planning that can be integrated into FMSS to manage accounting and human resources.



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Financial Management Software Solution



Source: D&B Malaysia Research

1.1.1.1 Accounting

Accounting is the main module within FMSS. Its primary functions are to record and transact accounting data within all the available sub-modules. These sub-modules are basically industry standards for provision of financial and accounting information used by top level management, investors and as well as tax authority.

1.1.1.2 Human Resources

Payroll is usually an optional feature for an FMSS system. It is not integrated into a standard FMSS system due to the existence of standalone human resources management systems ("HRMS") that cater for human resource functions within an organisation, such as payroll, roster and attendance. However, HRMS can be integrated into an FMSS system by the FMSS provider to value add to the overall benefits of the solution offered.

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Payroll within FMSS is the total of all financial records that are related to salaries, wages, deductions such as tax, and bonuses. The traditional method of issuing paychecks to employees is to write physical check for paying salaries or wages. Today, most organisations are making full use of IT to replace the traditional method with electronic direct deposit from the employer's bank account to the employee's bank accounts. After the money has been transferred, FMSS can generate pay slips to the employees.

1.1.1.3 Others

There are other modules that are integral to FMSS, but these modules are usually optional. Some of the examples are business intelligence ("BI") and planning, budgeting and forecasting ("PBF").

BI is used to analyse data within the central database and interpret the information that is of importance to the organisation's management for decision making. BI also provides Key Performance Indicators ("KPI") for the measurement of how well the business is progressing towards its goals and objectives. KPI can be used to measure the performance within all levels of departments in an organisation; applicable to team players, leaders, managers and as well as top management.

PBF is used for the implementation, forecasting, monitoring and modification of an organisation's financial expenditures. It is able to proactively assess the impact of new financial trends, providing an opportunity to take corrective action. This module is capable of evaluating data, and detecting any trends or seasonality, which aids in forecast accuracy.

1.1.2 FMSS ACCESSIBILITY AND DATABASE

FMSS is designed to be accessed either on-line or off-line, through a software client on a LAN or through the web. Both methods connect FMSS to a central database where all transacted information is stored. The database will be tasked with the responsibility of ensuring the integrity of the stored data and correct any redundancy. Databases are essential for every FMSS as they are used to store all FMSS related information for recall, analysis and reporting purposes. In the past, FMSS were proprietary and only worked with certain types

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of database, for example an Oracle FMSS would only work on Oracle databases. An organisation that wanted to use the Oracle's FMSS with another subsidiary that uses a database other than Oracle would not be able to do so. Today, most FMSS are able to connect with multiple database systems (Oracle, Microsoft SQL, IBM DB2, IBM Informix, etc) using technologies such as Open Database Interface and Open Database Connectivity ("ODBC"). Most solutions providers are able to offer both methods of access and storage.

The conventional method of accessing FMSS is through a software client on a LAN. A newer, more revolutionary way is utilising the web to access FMSS. FMSS on the web is developed using web programming languages software such as eXtensible Markup Language, WebScript, VBScript, JavaScript and Perl. The web provides multiple point access and mobility, allowing users to access it from anywhere in the office, home or when travelling. For both methods, the FMSS programme resides within the organisation's application server.

1.1.3 FINANCIAL ACCOUNTING STANDARDS

Aside from the most basic financial management software, all FMSS are designed to comply with the financial accounting standards of the countries in which they are implemented.

There are two main accounting standards being implemented and adopted around the world. In Europe, there is the International Financial Reporting Standards ("IFRS"), while in the United States ("US"); there is the Generally Accepted Accounting Principles ("GAAP"). In other countries, the main adoption is according to the IFRS, which was established and maintained by the International Accounting Standards Committee. Over the years, countries such as Australia, Russia and Turkey have aligned their own standards with IFRS for harmonisation. In addition, there is also compulsory compliance to the Public Sector Accounting Standards of respective countries.

1.1.3.1 MALAYSIAN ACCOUNTING STANDARD BOARD

MASB was established under the Financial Reporting Act 1997 ("the Act"). MASB is an independent authority that is responsible to promote and issue accounting and financial reporting standards in Malaysia. Together with the Financial Reporting Foundation ("FRF"),



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MASB make up the new framework for financial reporting in Malaysia. FRF comprises an independent standard-setting structure with representation from all relevant parties in the standard-setting process, including preparers, users, regulators and the accountancy profession.

To date, FRF has 19 members, who are appointed by the Minister of Finance (“MOF”), and has responsibilities including, providing its view to the MASB on any matter and financing arrangements and operations of the MASB.

FEDERAL STATUTORY BODIES

Under the Section 5(1) Federal Statutory Body Act (Account and Annual Report) 1980, federal statutory bodies are required to maintain their accounts and related records properly in accordance with generally accepted accounting principles. It must reflect a true and fair view of its operations and financial position. In terms of preparation of the financial statements, federal statutory bodies are required to comply with MASB standards, which are known as FRS and Private Entity Reporting Standards (“PERS”), in line with the International Accounting Standards (“IAS”) and the Public Sector Accounting Standards.

PRIVATE SECTOR AGENCIES

Under Section 167 of the Companies Act, Malaysia, every registered company is required to keep accounting and other relevant financial records to explain its transactions and financial position of the company. In preparing the financial statements, every registered company are required to comply with MASB standards.



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1.1.4 DIFFERING SEGMENTS

1.1.4.1 INDUSTRY SEGMENTATION

Market Segmentation of the FMSS Industry

Tier I	High-end, generally as part of an enterprise resource planning ("ERP") system or a vertical-industry application.	<ul style="list-style-type: none"> - SAP R/3 (SAP) - Oracle E-Business Suite Financials (Oracle) - Microsoft eEnterprise (Microsoft) - Century Software Government ("CFg") / SAGA Century/ Century Software Commercial ("CFc") (CSM) - Kji Financials (Konsortium Jaya Sdn Bhd)
Tier II	High-end, generally as part of a vertical-industry application.	<ul style="list-style-type: none"> - Microsoft Dynamics (Microsoft) - SAP A1 (SAP) - CFg / SAGA Century/ CFc (CSM) - Kji Financials (Konsortium Jaya Sdn Bhd) - atCom Financials (Infortech Alliance Bhd) - IFCA Financial Management (IFCA MSC Bhd)
Tier III	Extensive and user-defined reporting available, multi-featured, customisable settings.	<ul style="list-style-type: none"> - FACT ERP.x (FACT System Malaysia Sdn Bhd) - OBM Enterprise Financials (OBM Software Sdn Bhd) - SAP B1 (SAP) - Microsoft Dynamics (Microsoft) - Century Software Local Council ("CFlc") (CSM) - GS-ERP Enterprise Edition (Ariantec Global Bhd) - First Business Accounting (Ingenuity Microsystems Sdn Bhd) - atCom Financials (Infortech Alliance Bhd) - IFCA Financial Management (IFCA MSC Bhd) - Everise Accounting System (Everise Technology Sdn Bhd)
Tier IV	Have basic functions, standard accounting reports, limited management reports, limited user customisation.	<ul style="list-style-type: none"> - ACE Accounting (ACE Software Sdn Bhd) - Century Software Retail (CSM) - Sage Accpac (Careware Systems Sdn Bhd) - ICS Accounting (ICS Accounting Software Sdn Bhd) - GS-ERP Box Pack Edition (Ariantec Global Bhd) - MYOB Premier (MYOB Asia Sdn Bhd) - SAGE UBS One Plus (SAGE Software Sdn Bhd)

Note:

Market Segmented by Pricing and Features

Source: D&B Malaysia Research

The Malaysian FMSS industry is segmented into four (4) tiers based on the pricing and scalability of the solution package. Large software houses such as Microsoft and SAP, who are traditionally positioned at the Tier I level, have developed scaled down versions of their enterprise-level FMSS (Microsoft Dynamics by Microsoft and SAP Business One by SAP)



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and have expanded into the Tier II and Tier III markets to service medium to large companies.

TIER I

Tier I consists of FMSS that serve large companies and organisations (e.g. Multinational corporations (“MNCs”), Government agencies and financial institutions). Under Tier I, the FMSS provided are usually not stand-alone but as part of a larger integrated business software application system such as ERP. The FMSS in this category are fully customisable to any organisation in any industry. These are substantially extensible and scalable, able to handle large volumes of data transactions and number of users spread across different countries. The FMSS in Tier I would cost around RM2,000,000 and above.

TIER II

Tier II consists of FMSS which provide limited ERP applications but are still considered high-end due to the level of customisation involved. The customisations in this category are less complicated. The FMSS in this category are extensible and scalable as well but cannot be compared to the scalability and extensibility of Tier 1 FMSS.

The FMSS in this category tend to cater to organisations that are developing and expanding their business to a considerable size. FMSS in this category would cost around RM500,000 to RM2,000,000.

TIER III

Tier III consists of FMSS which offer less expensive applications that have relatively limited customisation in order to integrate into the current operations of an organisation. The FMSS in this category offer the standard modules that most organisations require to handle their accounting needs. The FMSS in this category are only able to handle moderate volumes of transactions and number of users. The FMSS sold in this category costs around RM100,000 to RM500,000.




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TIER IV

Tier IV consists of FMSS with affordable applications within a range of between RM500 and RM100,000. These FMSS offer only the standard accounting modules and its main features are marginally customisable. The FMSS in this category can only handle small data transactions and a limited number of users. Tier IV FMSS are referred to as off-the-shelf software products targeted at the lower to middle end of the private sector market.

Market Segmentation of FMSS Companies

Segment	Company	Segment	Company
<i>Tier I</i>	 KJSB Microsoft Oracle SAP	<i>Tier II</i>	Infotech IFCA MSC
<i>Tier III</i>	Ariantec FACT Ingenuity OBM Software	<i>Tier IV</i>	ACE Software Careware Systems ICS MYOB SAGE UBS

Source: D&B Malaysia Research

1.1.4.2 FMSS IN THE MALAYSIAN PUBLIC SECTOR

In the private sector, the FMSS range from basic systems to exceptionally intricate systems in terms of the level of technology, financial and manpower resources, level of customisation as well as complexity. As for the public sector the FMSS are mainly exceptionally intricate in terms of the level of technology, financial and manpower resources,

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level of customisation as well as complexity. The accounting systems of the various departments have to be streamlined to conform to a single standard in order to establish an appropriate accounting system that is efficient. This makes automating the accounting system of the public sector an arduous and costly endeavour.

In Malaysia, the Jabatan Akauntan Negara Malaysia (“JANM”), headed by the Accountant General, is responsible for determining and maintaining a proper accounting system as well as ensure that all accounting systems developed and maintained conform to the standards and the basis of presentation as prescribed by the Government Accounting Standard. Under JANM, there are four (4) primary accounting systems utilised by the Malaysian government. They are:

- Standard Accounting System for Government Agencies (“SAGA”),
- Government Financial and Management Accounting System (“GFMAS”),
- Sistem Perakaunan Berkomputer Standard Kerajaan Negeti (“SPEKS”), and
- Sistem Perakaunan Mikro (“SPM”).

These accounting systems are utilised by various government agencies, from federal to state level.

SAGA

The Standard Accounting System for Government Agencies or the SAGA initiative was introduced by the Malaysian government in 1994. SAGA is seen as a very important step for the Government to improve the efficiency levels of financial management and accounting practices in federal statutory bodies, which include the maintenance and updating of accounts and the execution of audit work. SAGA sets the guidelines for the preparation of financial statements and financial reports by the federal statutory bodies. This is to ensure that every statutory body adhere to the principals of accountability and submit financial performance reports in an efficient and timely manner. The Government decided that, with SAGA, a computerised accounting package, it will create a standardised accounting system for the preparation of daily account statements.



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The main objectives of introducing SAGA across federal statutory bodies are:

- to provide a facility to maintain a comprehensive and up-to-date set of accounts
- to enable closing of accounts on a daily basis;
- to provide a better financial management accounting facility; and
- to ensure that the pre-audited financial reports are prepared within the required time.

The Government issued its first SAGA circular in 1996 as guidelines to assist the Chief Executives of the Federal Governments' Statutory Bodies to implement SAGA. In 2007, the Prime Minister Department issued a new SAGA circular to meet the current requirements. SAGA is to be implemented across Malaysia's federal statutory bodies in stages under the SAGA Expansion Project. The agencies appointed by the Government to modify and adapt SAGA to meet the current requirements are the JANM, the Malaysian Administrative Modernisation and Management Planning Unit ("MAMPU") and the National Audit Department. JANM is the leading agency heading the implementation of the SAGA Expansion Project.

The Government has appointed Century Software (M) Sdn Bhd, a wholly-owned company of CSHB for the implementation and continual maintenance of their respective SAGA compliant FMSS within federal statutory bodies.

The current SAGA system comprises 18 standard modules plus four (4) optional modules. Each federal statutory body will only install the modules that are relevant to their respective bodies.

In addition to the SAGA system, the Government is also serviced by other accounting systems, namely, GFMAS, SPEKS and SPM.

GFMAS

Utilised by JANM since 2006, the Government Financial and Management Accounting System or GFMAS was developed to enhance the Government payment process and accounting for payment receipts. GFMAS is an integrated system that specialises in financial planning, budget control and government accounting, combining all the accounting



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functions that cover payment, receipts, remuneration control, unclaimed monies, government loans, loans and advance payment to public sector personnel, investment and preparation of the Public Accounts. The capabilities of GFMAS are:

- Data mart (analytical data stores designed to focus on specific business functions for a specific community within an organisation).
- Able to interface with other external systems.
- Flexible for cash and accrual accounting.
- Complete budget records.
- Real-time data.
- Increased security.
- Online single-point entry.

SPEKS

SPEKS is an integrated accounting system developed specifically for the Malaysian State Government in Peninsular Malaysia. The system comprises a Management Interaction System and other revenue collection systems, integrating with other agencies such as banks and government-linked companies (e.g. Tenaga Nasional Berhad). The objectives of SPEKS are:

- i. to increase productivity and efficiency in Financial Management.
- ii. to prepare accurate Financial Statement on time.
- iii. to improve State's financial administration.
- iv. to provide Financial Information Source Centre.
- v. to prepare the state government for the e-Government era.

The advantages of SPEKS are:

- Ensures the financial statement is prepared accurately and on time.
- Enables/ensures the usage of a standard format for all the state government.
- Ensures the usage of a standard work process by all the state government.
- Ensures a more effective control and coordination.
- Reduce time and errors.
- Enables fast searching of information.



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- Expedites payment through the usage of Electronic Fund Transfer and Autopay.
- Enables system to be integrated with other systems.
- Ensures the usage of a single system in all the states.
- Increases accountability at Responsibility Centre and Departments.

SPM

Introduced into the government system through the Public Administration Improvement Circular 3/1992, SPM is a micro accounting system designed for the purpose of gathering, calculating and analysing the cost and actual output for each government programme and activity. The system's benefits include instilling cost awareness, allowing for comparison between actual and planned costs, assists in planning processes, executions, control and evaluation, and allows for basis for price determination. The benefits of SPM are:

- To instill cost awareness for the management.
- Allows comparison between actual costs and planned costs.
- Assists in planning processes, executions, control and evaluation.
- Create awareness of the direction of changes of the output costs.
- Create a basis for determining the price for a particular output.

1.1.4.3 FMSS IN THE PRIVATE SECTOR

Under Section 167 of the Companies Act, Malaysia, every company is required to keep accounting and other relevant records to explain the transactions and financial position of the company. This is to enable these documents to be conveniently and properly audited. The preparation and reporting of the accounting entries today are performed manually or utilising an FMSS system. The utilisation of an FMSS system allows companies to expedite their accounting and financial management processes within a templated environment.

As businesses grow in size and complexity, as well as the increasing compliance to accounting standards, locally and internationally, the need for an FMSS system becomes more vital as any advantages derived from the increased efficiency and effectiveness of non-core divisions in a company contributes to its competitiveness. In the private sector, an FMSS is usually designed specifically to meet business needs within a particular industry.



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In large corporations such as stock exchange listed companies, corporate governance is crucial whereby FMSS is used to ensure the smooth and correctness of all accounting related transactions. FMSS will also help to effectively and efficiently distribute information to decision makers. With the advancement of ICT in the automation of accounting procedures and policies, FMSS is seen as an easy-to-maintain and easy-to-use solution in the front-end system rather than the back-end system.

Unlike the public sector, which uses Tier I and Tier II FMSS only due to the level of customisation and complexity of the requirements, the private sector admits Tier I to Tier IV FMSS. The level of technology, financial and manpower resources, level of customisation as well as complexity of solutions serve as barriers to entry for small and mid sized FMSS providers from penetrating the public sector market. In addition, government recognised FMSS such as SAGA adds another barrier to entry for FMSS providers.

Companies such as Microsoft, SAP, IFCA MSC Berhad ("IFCA MSC"), KJSB, and CSM offer FMSS ranging from enterprise-level for conglomerates and multinationals to stand-alone FMSS modules catering to small and medium sized enterprises. Enterprise level FMSS are usually bundled with other software applications such as ERP, Supply Chain Management ("SCM") or Management Information System and compatible hardware for completeness of the solution offering to organisations.

Companies such as MYOB Asia Sdn Bhd, OBM Software Sdn Bhd, and ICS Accounting Software (Infoway Software Sdn Bhd) offer FMSS to the SME market. These FMSS offered are usually stand-alone with minimal to no customisation required due to the size of the companies adopting them. As the size of the company and the complexity of the business grow, the requirement of its FMSS system will grow in tandem.



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1.2 GOVERNMENT LEGISLATIONS, INCENTIVES AND POLICIES

There are no specific legislations and policies for FMSS in Malaysia. However, there are legislations and policies for software developers, Intellectual Property (IP) holders and system integrators.

1.2.1 LEGISLATIONS

To encourage the development of a knowledge-based nation, the Government is committed in providing a comprehensive regulatory framework to protect IP and encourage innovation, facilitating the development of an effective and efficient information and communication technology ("ICT") and multimedia environment in Malaysia. IP protection comprises primarily patents, trademarks, industrial designs and copyrights. Components of the Government's regulatory framework include:

I Patent Act 1983 & Patents Regulations 1996

The Patents Act 1983 and the Patents Regulations 1996 govern patent protection in Malaysia. An invention is patentable if it is new, involves an inventive step and is industrially applicable. In accordance with trade-related aspects of IP rights ("TRIPS"), the Patent Act stipulates a protection period of 20 years from the date of filing of an application. Under the Act, the utility innovation certificate provides for an initial duration of ten (10) years protection from the date of filing of the application. The owner of a patent has the right to exploit the patented invention, to assign or transmit the patent, and to conclude a licensed contract.

II Trade Marks Act 1976 and Trade Marks Regulation 1997

Trademark protection is governed by the Trade Marks Act 1976 and the Trade Marks Regulations 1997. The Act provides protection for registered trademarks and service marks in Malaysia. Once registered, no person or enterprise other than its proprietor or authorised users may use them. Infringement action can be initiated against abusers. The period of protection is ten (10) years, renewable for a period of every ten (10) years thereafter. The proprietor of the trademark or service mark has the right to deal or assign as well as to

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license its use. The registered proprietor is entitled to commence infringement action against others who use his mark without consent or lodge a complaint under the Trade Description Act 1972.

III Industrial Design Act 1996 and Industrial Designs Regulations 1999

Industrial design protection in Malaysia is governed by the Industrial Designs Act 1996 and Industrial Designs Regulations 1999. The Act provides the rights of registered industrial designs as that of a personal property capable of assignment and transmission by operation of the law. Industrial designs must be new and must not include a method of construction or design that is dictated solely by function. Local applicants can file registrations individually or through a registered industrial designs agent. Registered industrial designs are protected for an initial period of five (5) years which may be extended for another two (2) five (5)-year terms, providing a total protection period of 15 years.

IV Copyright Act 1987

The Copyright Act 1987 gives exclusive rights to the owner of a copyright for a specific period. There is no system of registration for copyright in Malaysia. Literary works, musical works, artistic works, films, sound recordings, broadcasts and derivative works is protected automatically if sufficient effort has been expended to make the work original in character; the work has been written down, recorded or otherwise reduced to a material form. The Copyright Act 1987 also specifies the circumstances amounting to and remedies for infringements and offences. The Copyright (Amendment) Act 1997 which amended the Copyright Act 1987 provides for unauthorised transmission of copyright works over the Internet as an infringement of copyright. It is also an infringement of copyright to circumvent any effective technological measures aimed at restricting access to copyright works.

The Copyright Act provides for the enforcement of the law by the Ministry of Domestic Trade and Consumer Affairs, specifically the Enforcement Division, apart from the Police. The Copyright Act also provides the necessary clout to the enforcement agencies to effectively carry out anti-piracy measures.

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It is an infringement of copyright to circumvent any effective technological measures aimed at restricting access to works, removal or alteration of any electronic rights management information without authority, or distribution, importation for distribution or communication to the public, without authority, works or copies of works in respect of which electronic rights management information has been removed or altered without authority. These provisions are aimed at ensuring adequate protection of IP rights for companies investing in the IT and multimedia environment.

1.2.2 INCENTIVES**I Incentives for Multimedia Super Corridor (“MSC”) status companies**

MSC status is the recognition by the Malaysian government through the Multimedia Development Corporation (“MDeC”) to companies that participate and undertake ICT activities in the MSC. Companies with MSC status enjoy a set of incentive and benefits that is backed by the Government’s Bill of Guarantees.

The incentives enjoyed by MSC Status companies are:

- Pioneer Status with a tax exemption of 100% of the statutory income for a period of five (5) years for the first round, or an Investment Tax Allowance (“ITA”) of 100%, and
- Eligibility of R&D grants (for majority of Malaysian-owned MSC status companies).

Other benefits include:

- Duty free import of multimedia equipment;
- IP protection and a comprehensive framework of cyber laws;
- No censorship of the Internet;
- Globally competitive telecommunication tariffs and services;
- High-powered implementation agency, the MDeC, to provide consultancy and assistance within the MSC;
- High quality, planned urban development;
- Excellent R&D facilities; and
- Green and protected environment.

**Decide with Confidence****II Incentives for a Knowledge-based Economy**

Malaysia is in the process of transforming itself from a production-based to a Knowledge-based economy. To further encourage companies to invest in knowledge-intensive activities, certain companies that qualify will be granted “Strategic Knowledge-based Status”. These companies must have the following characteristics:

- The potential to generate knowledge content;
- High value-added operations;
- Usage of high technology;
- A large number of Knowledge-based workers; and
- Possess a corporation Knowledge-based master plan.

Companies granted “Strategic K-based Status” are eligible for the following incentives:

- Pioneer Status with a tax exemption of 100% of the statutory income for a period of five (5) years; or
- ITA of 60% on the qualifying capital expenditure incurred within five (5) years. The allowance can be offset against 100% of the statutory income in the year of assessment.

III Incentives for R&D

The Promotion of Investment Act 1986 defines R&D as “any systematic or intensive study carried out in the field of science or technology with the objective of using the results of the study for the production or improvement of materials, devices, products, produce or process but does not include:

- Quality control of products or routine testing of materials, devices, products or produce;
- Research in the social sciences or humanities;
- Routine data collection;
- Efficiency surveys or management studies; and
- Market research or sales promotions.



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To further strengthen Malaysia's foundation for more integrated R&D, companies which carry out design and prototyping as independent activities are also eligible for incentives.

Main Incentives for R&D

a. **Contract R&D Company**

A contract R&D company, i.e., a company that provides R&D services in Malaysia to a company other than its related company, is eligible for:

- Pioneer Status with a tax exemption of 100% of the statutory income for five (5) years; or
- ITA of 100% on the qualifying capital expenditure incurred within ten (10) years, which can be offset against 70% of the statutory income in the year of assessment.

b. **R&D Company**

A R&D company, i.e. a company that provides R&D services in Malaysia to its related company or to any other company, is eligible for an ITA of 100% on the qualifying capital expenditure incurred within ten (10) years. The allowance can be offset against 70% of the statutory income in the year of assessment. Should the R&D company opt not to avail itself of the allowance, its related companies can enjoy a double deduction for payments made to the R&D company for services rendered.

Eligibility:

Research undertaken should be in accordance with the needs of the country and bring benefit to the economy;

- At least 70% of the income of the company should be derived from R&D activities;
- For manufacturing-based R&D, at least 50% of the workforce of the company must be appropriately qualified personnel performing research and technical functions; and



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- For agriculture-based R&D, at least 5% of the workforce of the company must be appropriately qualified personnel performing research and technical functions.
- c. In-House Research
- A company that undertakes in-house R&D to further its business can apply for an ITA of 50% on the qualifying capital expenditure incurred within ten (10) years. The company can offset the allowance against 70% of its statutory income in the year of assessment.
- d. Second Round Incentives
- R&D companies/activities mentioned in categories (I) - (III) will be eligible for a second round of Pioneer Status for another five (5) years, or ITA for a further ten (10) years, where applicable.
- e. Double Deduction for R&D
- A company can enjoy a double deduction on its revenue (non-capital) expenditure for research which is directly undertaken and approved by the Minister of Finance.
 - Double deduction can also be claimed for cash contributions or donations to approved research institutes, and payments for the use of the services of approved research institutes, approved research companies, R&D companies or contract R&D companies.
 - Approved R & D expenditure incurred during the Pioneer Status period will be allowed to be accumulated and brought forward and be given another deduction after the Pioneer Status period.
 - Expenditure on R&D activities undertaken overseas, including the training of Malaysian staff, will be considered for double deduction on a case-by-case basis.



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1.2.3 POLICIES

The National Information Technology Council of Malaysia was set up in 1994, with the aims to create an information-rich society towards Vision 2020. Its role include enhancing the development and utilisation of IT as a strategic technology for the national development, principal forum to further develop national ICT policy and strategy and advise the Government on IT matters in Malaysia.

The 10MP has highlighted that the public sector must transform to effectively respond to a rapidly evolving global environment. The Malaysian Government believes that as challenges and opportunities will increasingly transcend traditional boundaries, inter-agency collaboration and working across federal, state and local levels as an integrated government will be adopted to ensure cross-cutting issues are addressed. An outcome-based approach will be adopted for planning, resource allocation, monitoring and evaluation in order to allow for more effective resource management.

The Government, through the Accountant General's Department has been actively carrying out expansion programmes on the computerisation of the financial management system in the federal and state levels. The completion of Phase I, Phase II and Phase III of the SAGA Expansion Programme reflects the Government's commitment in ensuring the implementation of the SAGA system in the federal statutory bodies.

1.3 DEMAND / SUPPLY CONDITIONS

There is constant demand for FMSS in Malaysia spurred primarily by the requirement to maintain proper accounting records for every registered company and government agency. The Companies Act of Malaysia requires every registered company to keep accounting and other relevant financial records to explain its transactions and financial position. The Financial Procedure Act requires that the annual financial statements of government agencies be prepared after the end of every year. These documents allow for an audit to be conducted properly at the end of every financial year. The accounts are prepared either manually or utilising an FMSS system or a combination of both.

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Generally, the major hardware used to develop an FMSS is widely available. Therefore, the major component in the development of FMSS is the software itself. Features such as the available modules, customisability, efficiency, and seamless integration with the various hardware and legacy systems differentiate one FMSS provider from another. The supply of FMSS is widely available in Malaysia. Some of these FMSS providers also supply other software solutions.

1.4 SUBSTITUTE PRODUCTS / SERVICES

Apart from the manual method for documentation and reporting of financial information, there are no other substitutes to FMSS as it is a software solution that consists of accounting-related modules, which makes it different as compared to human resources, supply chain and/or other software solutions. There are, however, solution providers that can integrate FMSS within other business application software solutions such as ERP depending on the customers needs.

1.5 RELIANCE ON AND VULNERABILITY TO IMPORTS

Malaysia's FMSS providers are not dependent on any imports that may have an adverse impact on their business operations.

One of the major requirements for FMSS providers are data servers for hosting the FMSS. The data servers, which are mostly imported, comprise server hardware and software for the installation and maintenance of server systems for FMSS. There are numerous suppliers and distributors of server systems in Malaysia that supply well known commercial server brands such as HP, Dell, IBM and Acer.

As there are no specific licensing requirements in order to provide FMSS in Malaysia, major foreign international FMSS providers are able to compete in the Malaysian FMSS industry. Some of the major foreign international FMSS providers that compete in the Malaysian

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FMSS market are Microsoft Corporation, SAP AG, Oracle Corporation and Sage Group Plc.

1.6 BARRIERS TO ENTRY

1.6.1 FEDERAL STATUTORY BODIES TO BE SAGA-COMPLIANT

The Malaysian government has set the guidelines for federal statutory bodies for the preparation of financial statements and financial reports through the introduction and continual implementation of SAGA. All federal statutory bodies in Malaysia are required to be SAGA-compliant. This initiative is currently being driven by JANM and is being implemented in stages. According to the Synopsis on the Activities and Financial Management of Federal Statutory Bodies Report 2009 by the National Audit Department, there are 118 federal statutory bodies in the Malaysian government.

To service the federal statutory bodies, FMSS providers must be mandated by the Government and their solutions must meet all SAGA specifications and requirements. In addition, SAGA-compliant FMSS providers need to possess the expertise and domain knowledge in servicing government agencies, inter alia, understanding the financial reporting structure, the preparation of government financial statements and reports, the inter-agency reporting, etc. These factors create a natural barrier to entry for new entrants. With the appropriate domain knowledge and expertise, these SAGA-compliant FMSS providers are able, by extension, to promote their services to other government agencies not under the federal statutory bodies as well.

1.6.2 DOMAIN KNOWLEDGE

Having strong domain knowledge in the industry or sector the FMSS provider services is crucial and serves as a barrier to entry to new and potential entrants. A collection of programmers may be able to design a software application that is functional, but without an intricate understanding of the business processes, procedures and application knowledge of the target application market as well as close interaction with the end-users, the customer will unlikely be able to derive full value from the FMSS. Hence, domain knowledge is an

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understanding of software coding, business processes, procedures, application knowledge of the target application market and more importantly, close interaction with the end-users. Companies with strong domain knowledge create a natural barrier to entry to new entrants. Coupled with management experience and a proven track record, new entrants will find it very difficult to penetrate and seize market share from the incumbent.

1.6.3 KNOWLEDGE WORKERS

The development, enhancement and implementation of FMSS are sector and industry specific. The future prospects and competitiveness of an FMSS provider are dependent on having the right mix of knowledge workers with different levels of competence and specific skill sets. A strong barrier to entry against new entrants is created by FMSS providers with the best knowledge worker mix of talent, qualification and experience, whether competing in the public or private sectors. The continual shortage of such knowledge workers creates a natural barrier to entry as financially strong companies usually get the first pick of such talents and experience.

FMSS providers have to find the most favourable mix of personnel with good working knowledge and experience of programming languages such as Python, Perl, Java, J2EE, JSP and JavaScript to develop robust FMSS modules that will be stable, reliable, functional and easily maintainable. Moreover, skills and knowledge in system architecture, database design, web design, hardware configuration, data storage optimisation, network management and a host of other attributes are just as important as having the right blend of programming languages.

1.6.4 PROVEN TRACK RECORDS A BARRIER TO THE PUBLIC SECTOR

Companies that provide FMSS to government bodies are akin to those serving large MNCs. These companies are required to have proven track records, financial sustainability, strong capital and human resource capabilities, enterprise-level scalability and customisation and standards conformity. The complexity of FMSS provided to government bodies is compounded by the number of agencies, departments and divisions that a government has as well as the inter-agency and inter-department dealings. For SAGA implementation, the

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Malaysian government has approximately 118 federal statutory bodies alone based on the the Synopsis on the Activities and Financial Management of Federal Statutory Bodies Report 2009 by the National Audit Department.

FMSS complying with the accounting standards, reporting and processes set by the Malaysian government is not the same as those designed for the private sector. Unlike the private sector where there are a multitude of competitors for the provision of FMSS, the public sector possesses a more oligopolistic environment. Due to the level of complexity in the FMSS required by the government, FMSS providers must be able to fully satisfy the system specification of the FMSS in order to compete in this sector. FMSS providers who have established a strong presence within the public sector and possess a proven track record in serving governments are usually considered preferred FMSS providers due to their entrenched positions.

1.7 INDUSTRY PLAYERS AND COMPETITION

1.7.1 COMPARATIVE ANALYSIS

For the purpose of this report, the selection of the major comparative local companies is based on the following criteria:-

- **provision of FMSS** to public sector and/or private sector; and/or
- **listed on the ACE Market** (“ACE”) of Bursa Malaysia Securities Berhad; and/or
- **listed on the Main Market** (“Main”) of Bursa Malaysia Securities Berhad; and/ or
- **SAGA-compliant FMSS.**

Based on the criteria above, CSM’s comparable competitors are mainly IFCA MSC Berhad (“IFCA MSC”), Ariantec Global Bhd. (“Ariantec”), Ingenuity Microsystems Sdn. Bhd. (“Ingenuity”), Infortech Alliance Berhad (“Infortech”) and Lityan Holdings Berhad (“Lityan”), through its subsidiary, Konsortium Jaya Sdn Bhd (“KJSB”).



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Comparative Market Ranking of CSM and its Comparable Competitors, FYE2009, in Terms of Revenue, PBT and PBT Margin

	Company	Revenue (RM'000)	Year
1.	Lityan	75,717	2009
2.	IFCA MSC	29,926	2009
3.	CSM	25,544	2009
4.	Ariantec	20,140	2009
5.	Ingenuity	3,826	2009
6.	Infortech	1,303	2009

	Company	PBT Margin	PBT (RM'000)	Year
1.	CSM	39.9%	10,144	2009
2.	Lityan	10.8%	8,195	2009
3.	Infortech	(17.0%)	(221)	2009
4.	IFCA MSC	(21.8%)	(6,519)	2009
5.	Ariantec	(28.8 %)	(5,796)	2009
6.	Ingenuity	(71.0%)	(2,716)	2009

Note

* Based on latest available un-audited financial results.

Source: D&B Malaysia Research; Management of CSM; Bursa Malaysia

In revenue terms, CSM is ranked 3rd among its peers. However, in terms of PBT and PBT margin, CSM ranks 1st, registering a 39.9% PBT margin as at 31 December 2009.

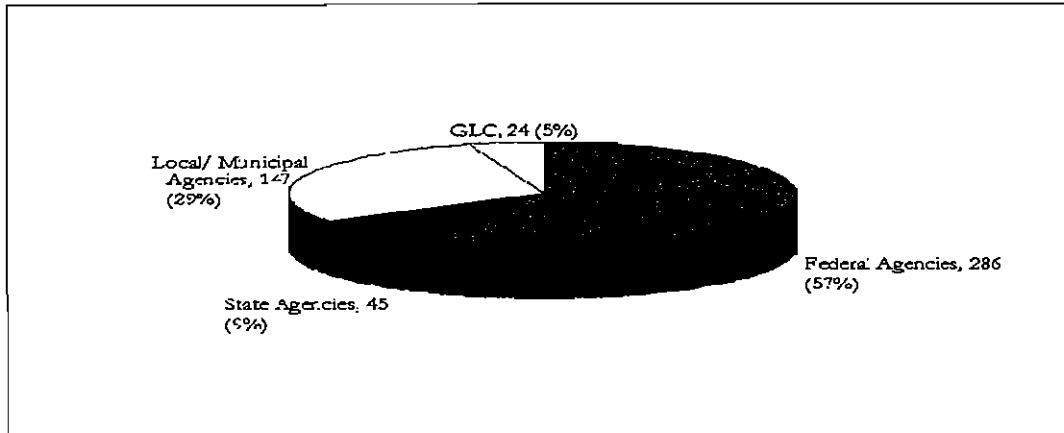
1.7.2 MARKET SIZE

The public sector is the part of economic and administrative life that deals with the delivery of goods and services by and for the Government, whether at the national, state or local/municipal levels. In Malaysia there are over 502 agencies in the federal, state, local/municipal levels as well as education institutions and government linked companies ("GLCs").



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Estimated Market Size of the Malaysian Public Sector as at 15 November 2010



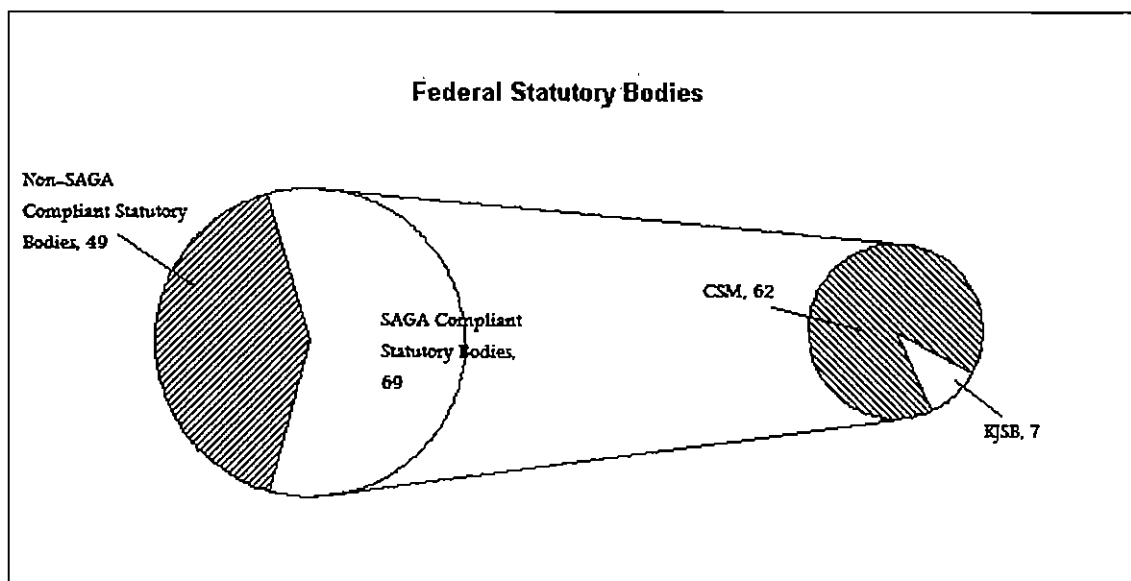
Note:

Federal Agencies includes Federal Statutory Bodies, departments under Federal Government Ministries and Educational Institutions under the Ministry of Education and Ministry of Higher Education

Source: D&B Malaysia Research, www.gov.my

As of 15 November 2010, there are a total of 118 statutory bodies within the federal government of Malaysia. As at 15 November 2010, there are approximately 69 or approximately 59% of the federal statutory bodies which have implemented SAGA compliant FMSS.

SAGA-Compliant Statutory Bodies as at 15 November 2010



Source: National Audit Department, Malaysia & Management of CSM

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The SAGA Expansion Programme is primarily for Federal Statutory Bodies. Statutory bodies are established with the objective of implementing certain duties and responsibilities in line with government objectives. Corporations are set up to take over the duties and responsibilities of certain government departments. Federal Statutory Bodies fall under the Federal Agencies segment which makes up approximately 57% of the Malaysian public sector. There are approximately 118 Federal Statutory Bodies out of the 286 Federal Agencies.

CSM is a local home grown FMSS provider and the leading SAGA compliant FMSS provider to the public sector, having implemented its SAGA system in 62 (approximately 53%) federal statutory bodies as compared to seven (7) by KJSB. CSM was also the sole FMSS provider under the SAGA Expansion Programme Phase I, Phase II and Phase III.

49 (approximately 42%) federal statutory bodies have yet to install the SAGA system and these bodies represent a future untapped market for CSM. In addition, the SAGA system has also potential market in the federal agency level. Apart from the initial installation of the SAGA system, upgrading and maintenance services are also a source of revenue for the FMSS providers. While initial installation services are one-off, upgrading and maintenance services are periodical (i.e. quarterly, annually, every five years etc.) and are sources of recurring revenue. This signifies an enormous and extensive pool of revenue that is yet to be secured.

CSM has managed to secure approximately 22% of the agencies in the Federal Agencies segment. Apart from the Federal Agencies segment, there are abundant opportunities within the other sectors such as state agencies, local/ municipal agencies, and GLCs. For example, the state agencies and local/ municipal agencies make up 38% of the Malaysian public sector agencies, a large and mainly untapped segment for the public sector FMSS providers.



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1.8 PROSPECTS AND OUTLOOK

The advent of globalisation has brought about considerable changes in the FMSS industry. Large software houses have consolidated smaller software companies specialised in specific industries. The results of these consolidations are the accumulation and dissemination of knowledge and expertise. This contributes to the solutions that large software houses are able to provide; customised solutions for specific industries, making the competition irrelevant with superior knowledge and expertise. This laid the first stone for the genesis of customised business solutions such as ERP, customer relationship management (“CRM”), and SCM with FMSS as part of the modules offered. Tradeoffs in requirements are no longer an issue for customers when purchasing a business solution to automate the business processes of an organisation.

The local FMSS industry comprises companies that serve the private and /or public sector and is further segmented into different industry segments, depending on domain expertise. While large software houses such as SAP and Oracle direct most of their emphasis on MNCs and large conglomerates, smaller players in the FMSS industry, local and foreign, design their business strategies concentrating on the medium and small establishments. In Malaysia, there is a potential for growth in the mid-market segment because the economy of Malaysia has yet to reach maturity. As such, medium and small establishments will continue to grow and would require a more complex FMSS to accommodate the expansion of the organisation. This represents an opportunity for the FMSS providers to capitalise.

FMSS growth in the public sector is fuelled by the Government’s aggressive amelioration of the public delivery system where one of the emphases is on greater transparency, accountability and efficiency in the financial management system. Initiatives such as SAGA, GFMAS, SPEKS, and SPM have played a major role in stimulating the FMSS industry in the public sector.



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1.8.1 MARKET GROWTH FACTORS

1.8.1.1 THE MALAYSIAN COMPANIES ACT AND THE FINANCIAL PROCEDURE ACT 1957 SETS THE BASIS FOR GROWTH

The Malaysian Companies Act and Financial Procedure Act set the basis for growth in both the private sector and public sector respectively. Under Section 167 of the Companies Act, Malaysia, every registered company is required to keep accounting and other relevant financial records to explain its transactions and financial position of the company. Section 16 of the Financial Procedure Act, requires that the annual financial statements of government agencies be prepared after the end of every year. These documents allow for an audit to be conducted properly at the end of every financial year. The accounts are prepared either manually or utilising an FMSS system or a combination of both.

As it is a requirement under Malaysian law to keep a proper set of accounts for every registered company and every government agency, this sets the foundation for future FMSS growth. In addition, as businesses and government agencies grow in size and complexity, as well as the increasing compliance to accounting standards, locally and internationally, the need for an FMSS system becomes more of a necessity, as any advantages derived from the increased efficiency and effectiveness of non-core divisions in an organisation contributes to its competitiveness.

1.8.1.2 GOVERNMENT'S INITIATIVE/ SPENDING

Since 1996, the Malaysian Government has rolled out many initiatives to lead the country into the Information Age. The implementation of SAGA is an example of the Government's initiative to improve efficiency of financial management and accounting within the public sector. SAGA fulfils all accounting and auditing needs of federal statutory bodies.

Another initiative is the Electronic Government ("e-Government") Programme. The e-Government Programme was developed to improve the public delivery system. This is done through the provision of integrated and efficient ICT solutions to ensure easier and speedier access to government services, especially by rural communities. The aims of the e-Government Programme are:

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- improve both how the Government operates internally as well as how it delivers services to the people of Malaysia; and
- improve the convenience, accessibility and quality of interactions with citizens and businesses.

Besides the e-Government Programme, the Government has also rolled out ICT Strategic Plan for the Public Sector, which was launched in 2003. This plan focuses on the strategic direction and framework for ICT in the public sector. It comprises a number of strategic initiatives and smart partnership programmes to improve linkages among agencies, businesses and the public. The implementation of the ICT Strategic Plan for the Public Sector takes into consideration the need for increased interoperability, common standards and guidelines, shared infrastructure, as well as continuous upgrading of ICT skills amongst the Government workforce.

The 10MP has highlighted that the public sector must transform to effectively respond to a rapidly evolving global environment. The Malaysian Government believes that as challenges and opportunities will increasingly transcend traditional boundaries, inter-agency collaboration and working across federal, state and local levels as an integrated government will be adopted to ensure cross-cutting issues are addressed. An outcome-based approach will be adopted for planning, resource allocation, monitoring and evaluation in order to allow for more effective resource management.

As such, the implementation of SAGA is a very important step for the Government to improve efficiency of financial management and accounting at statutory bodies. SAGA fulfils all accounting and auditing needs, which are set by the Government.

1.8.1.3 PRODUCTIVITY IN THE PUBLIC SECTOR

The Malaysian government understands and recognises that ICT will lead the public sector to carry out its role effectively and efficiently. Under the Third Industrial Master Plan 2006-2020, the Malaysian government has asked for improved productivity within the public sector. There is a need to address inefficiencies in the public sector delivery to facilitate



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business operations which will enable Malaysia to remain attractive not only to local but also foreign investors.

The Malaysian government has launched quite a number of initiatives to address the public sector's inefficiencies. Some of these initiatives include SAGA, which is explained in Section 1.3.2 within this document and e-Government, which was launched in 1997 with the aims of leading the country into the information age and better automation. Under e-Government, there are seven (7) flagship applications which include:

- a. E-Services
 - Government-to-citizen's application for electronic delivery of utility payments and summons services such as compound, licensing and bill payment
- b. Project Monitoring System ("PMS")
 - system used to monitor government's development projects' implementation, from the highest level to the activity levels
- c. Human Resource Management Information System ("HRMIS")
 - an integrated, technology-enabled information system for public service with the objective to consolidate human resource data and open system
- d. Generic Office Environment
 - an office management solution that manages office environment
- e. Electronic Procurement
 - system that enables suppliers to sell goods and services to the Government via the Internet
- f. Electronic Labour Exchange
 - one-stop centre for labour market information
- g. E-Syariah
 - integration of processes related to cases for the Syariah Courts

These initiatives are to assist the public sector to improve productivity through the usage of ICT. Flagship applications such as the aforementioned will greatly assist civil servants to achieve better efficiencies in delivering public services. Moreover, with the implementation of five-day working week for civil servants, ICT will be the main platform for public sector's productivity.



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In April 2009, with the appointment of a new Cabinet, the Prime Minister (“PM”) announced a new approach towards a more transparent and accountable government, focused on delivery for the people. Consequently, he introduced a new paradigm for performance and delivering results – through the rigorous use of key results areas and key performance indicators (“KPIs”). These KPIs focus the Government’s efforts on impact, rather than inputs, outcomes rather than outputs and ensure that public services deliver value for money.

In accordance with the PM’s long held practice of achieving transformation through performance-based leadership, ministers and senior civil servants are to be held accountable for improvements in their Ministerial Key Result Areas and the delivery of Ministerial KPIs (MKPIs) within those areas. The PM committed to personally reviewing the progress of all ministers every six months to ensure their performance is on track, and where it is not, work with them and the civil service to ensure that any barriers are removed. The PM will also set his expectations of the minister for the subsequent six-month review period.

The efficiency and effectiveness of FMSS is anticipated to contribute to the Government’s goal of achieving productivity.

1.8.1.4 INTRODUCTION OF NEW TECHNOLOGIES

The introduction of new technologies presents new opportunities in the FMSS industry as continuous advancement of technology brings about frequent software improvements. This in turn brings about a genesis of new products and services incorporating these new or improved technologies. Innovation, ability to customise and target market specific products and services are driving demand for ICT software. This also allows for more competitive pricing of products.

The introduction of new technologies and the corresponding competitive pricing helps to drive the FMSS industry as both the public sector and private sector companies acquire new FMSS to replace old legacy FMSS or upgrade existing FMSS to remain competitive.



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1.8.2 GROWTH FORECAST

FMSS comprise finance and accounting modules such as general ledger, cashbook, payroll, accounts payable and accounts receivable; and sub-modules such as human resources, fixed asset management, business intelligence, and planning, budgeting and forecasting. It is a software solution that gathers financial-related information or data which will be used for performance analysing, reporting, auditing and decision-making. Some of the major benefits of FMSS are cost savings, enhancing transparency, accountability and efficiency as well as improving productivity.

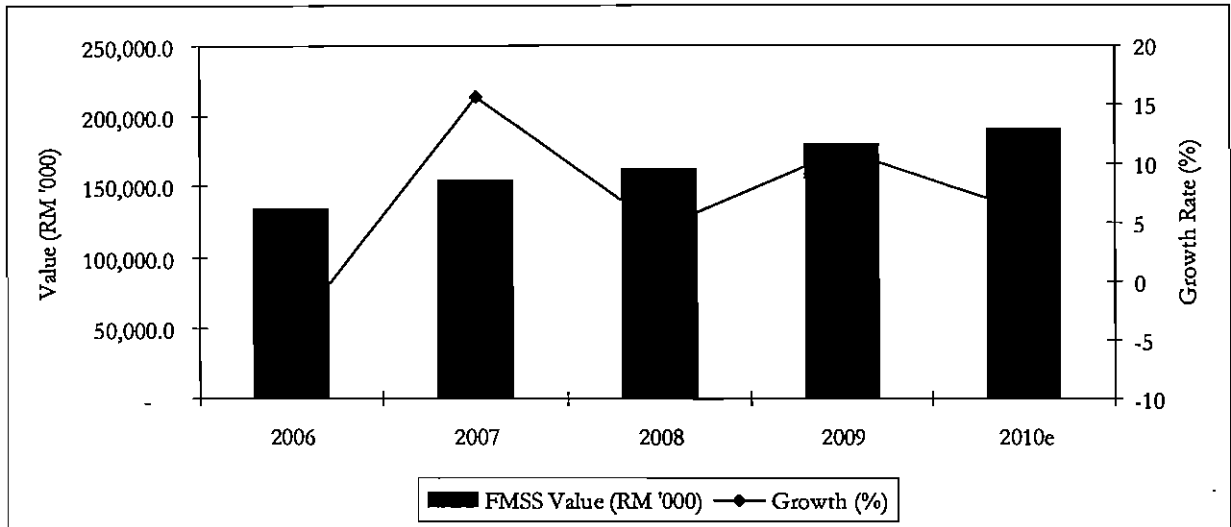
FMSS is commonly included as a module in larger more complex business software solutions such as ERP, CRM and SCM. The Malaysian FMSS industry year-on-year growth increased approximately 11.1% in 2009 from an estimated 4.5% in 2008. The Malaysian FMSS industry is anticipated to experience moderate growth in 2010 as the global economy continues to recover. Government initiatives and spending to improve productivity and the introduction of new technologies as well as legislative requirements to maintain proper accounting records are expected to drive the growth of the Malaysian FMSS industry.

The figure below shows the historical data of the estimated value of the Malaysian FMSS industry between 2006 and 2009, and the forecast worth of the industry in 2010.



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Estimated Value of the Malaysian FMSS Industry, 2006-2010e



Note:

e = estimate

Source: D&B Malaysia Research

The FMSS industry in the public sector is expected to have continued growth in line with the Government’s initiative to automate its processes to improve the financial management system. This, along with the requirement by law to keep proper accounts contributes to the future growth of the FMSS industry. There are vast opportunities beyond local shores as more governments move into the digital age by investing in IT infrastructures. Small and medium enterprises, both local and international are also expected to contribute to the industry as these establishments expand and grow. Local FMSS providers can capitalise on this opportunity to offer their services globally, especially during this time of economic uncertainty where many companies are finding ways to trim their expenditures.

6 INDUSTRY OVERVIEW (Cont'd)

6.2 PAYMENT AGGREGATION SOFTWARE INDUSTRY



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29 December 2010

Board of Directors
Century Software Holdings Berhad
Level 18, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.

Dear Sirs

**EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT
("EXECUTIVE SUMMARY") FOR T-MELMAX SENDIRIAN BERHAD ("TMX" OR THE
"COMPANY")**

This Executive Summary has been prepared for inclusion in the Prospectus to be dated 12 January 2011, pursuant to the listing of Century Software Holdings Berhad on the Main Market of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview of the payment aggregation software market in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, Government literatures, in-house databases, Internet research and online databases.

Dun & Bradstreet (D&B) Malaysia Sdn Bhd ("D&B Malaysia") has prepared this Executive Summary in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Executive Summary. In addition, D&B Malaysia acknowledges that if there are significant changes affecting the contents of the Executive Summary after the issue of the Prospectus and before the issue of securities, then D&B Malaysia has an on-going obligation to either cause the Executive Summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the Executive Summary in the Prospectus.

The Executive Summary is highlighted in the following sections.

Yours faithfully,
for and on behalf of
DUN & BRADSTREET (D&B) MALAYSIA SDN BHD

A handwritten signature in black ink, appearing to read 'Tan Sze Chong', is written over a faint, larger version of the signature.

TAN SZE CHONG
Managing Director



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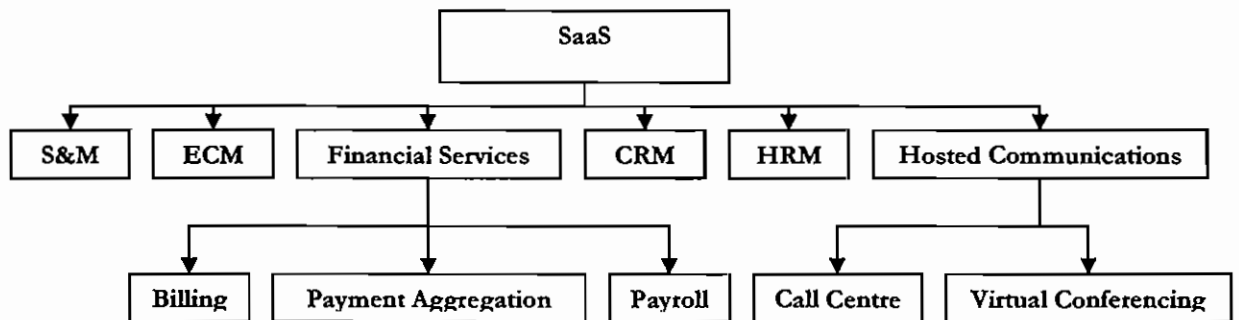
1. EXECUTIVE SUMMARY

1.1 DESCRIPTION OF INDUSTRY

The payment aggregation software market is a sub-segment of the broader Software as a Service (“SaaS”) industry, which include sales and marketing (“S&M”), enterprise content management (“ECM”), financial services, customer relationship management (“CRM”), human resource management (“HRM”), hosted communications and etc.

SaaS is a business model where the software application is deployed over the Internet. With the SaaS model, the software provider develop, host and operate the software and offers the use of their software as a service on demand, either through a subscription or a “pay-as-you-use” model. Customers do not have to purchase any software license or any powerful computing hardware in order to install and operate the software.

Primary Segmentation of the SaaS Industry



Source: D&B Malaysia Research

1.1.1 PAYMENT AGGREGATION SOFTWARE

Payment aggregation software can be broadly defined as “a financial application that consolidates and compiles payment instructions from the user and aggregates the payment instructions through a direct link to the financial institutions in the required format for processing”. It is a single point of contact between the user and the various financial institutions.



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Payment aggregation software in Malaysia generally operates in two (2) types of environment:

- Direct link – the system is directly connected to one or more financial institution(s), and
- Indirect link – the system utilises a third party application as a medium for processing transactions (i.e. Financial Process Exchange (“FPX”) and Interbank Giro (“IBG”)).

Payment aggregation software compiles all the payment instructions from the user, converts the instructions into the various formats required by the different financial institutions, and sends the payment instructions to the relevant financial institutions for processing. It provides the user with a single format for entering payment instructions instead of entering multiple payment instructions in different formats required by the financial institutions. Apart from that, the payment aggregation software also reconciles the various responses from the financial institutions into a single report and delivers the report to the user.



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- Increased efficiency and cost savings,
- Reconciliation of payment responses from financial institutions into a single report,
- Increased overall speed of payment processing through efficient preparation of payment instructions,
- Increased security over manual payment methods,
- Interoperability with the major computer platforms and financial file formats.

Payment aggregation software is primarily used for:

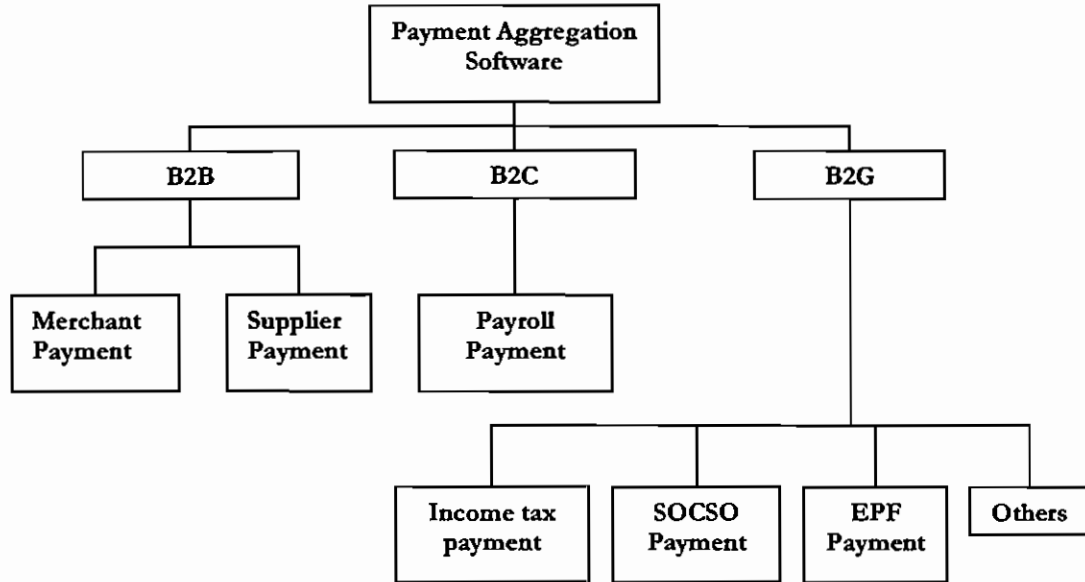
- Business to business (“B2B”) payment,
- Business to consumer (“B2C”) payment for payroll payment, and
- Business to government (“B2G”) payment.

Examples of the application of payment aggregation software can be seen in payroll payments, merchant payments and electronic collections (i.e. income tax payment, SOCSO payment, EPF payment, Zakat payment, and etc.).



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Applications of Payment Aggregation Software



Source: D&B Malaysia Research

1.1.2 DIFFERING SEGMENTS: VALUE CHAIN

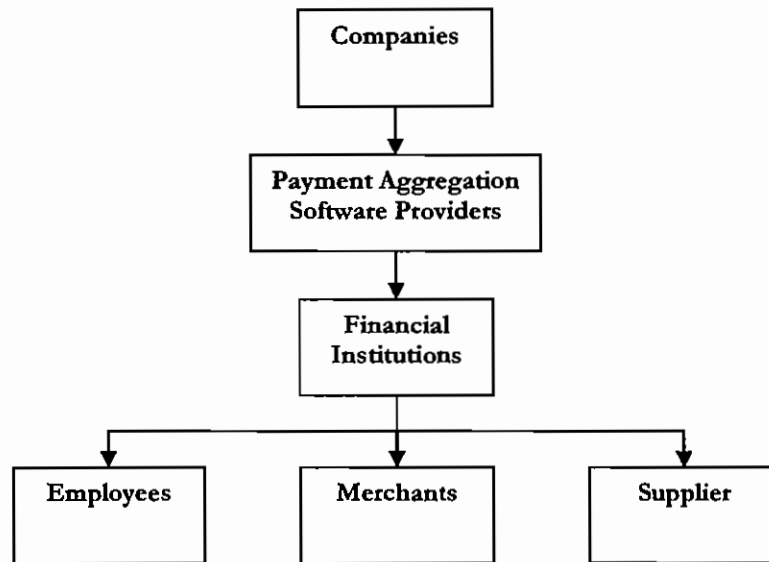
The value chain of the payment aggregation software market comprises:

- Customers, which comprise of businesses and companies;
- Payment aggregation software providers;
- Financial institutions; and
- Employees, merchants and suppliers.



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Value Chain of the Payment Aggregation Software Market



Source: D&B Malaysia Research

COMPANIES

Companies generally comprise of businesses and companies from the private sectors as well as government-linked companies (“GLC”). Customers can use payment aggregation software to send payment instructions to the financial institutions for the payment of employees, merchants and/ or suppliers.

PAYMENT AGGREGATION SOFTWARE PROVIDERS

Payment aggregation software providers generally comprise of SaaS providers who offer the use of their software to customers for a fee, based on either subscription or “pay-as-you-use” model. The subscription model is where the customer pays a fixed amount periodically for the use of the software. The “pay-as-you-use” model is where the customer is billed based on the amount of usage of the software calculated by time or transaction. The majority of the payment aggregation software providers use the “pay-as-you-use” model, charging based on transactions.

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The major payment aggregation software providers in Malaysia are Malaysian Electronic Payment System Sdn. Bhd. ("MEPS"), My E.G. Services Berhad ("MyEG"), Rexit Berhad ("Rexit") and TMX.

FINANCIAL INSTITUTIONS

Financial institutions comprise of commercial banks, Islamic banks, and international Islamic banks. The financial institutions will receive the payment instructions from the payment aggregation software providers and process the payments. Once the payment is processed, the financial institutions will return the results of the payments to the payment aggregation provider, with information of the success or failure of the transaction and the reasons for failure.

EMPLOYEES, MERCHANTS AND SUPPLIERS

Employees, merchants and suppliers are the recipients of the payments.

1.2 SUBSTITUTE PRODUCTS / SERVICES

Direct substitute for payment aggregation software is the conventional method of payment processing. The conventional method refers to the processing of cheques, bank drafts and electronic funds transfers. For cheques and bank drafts, it is a time consuming process especially for large corporations where there are hundreds or thousands of payments made every month. The preparation of cheques and bank drafts can be very tedious and will require substantial resources such as additional labour and additional finance charges. Electronic funds transfers can also be a tedious and time consuming endeavour as each financial institution has its own requirements for processing payments. These requirements can comprise of passwords, identification, key codes, financial file formats and etc. It is a monumental task to keep track of the different password and identification encryption, key codes and financial file formats for each financial institution. Apart from that, the Malaysian electronic funds transfer system, FPX limits the transfer amount to only RM5000 a day.



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Payment aggregation software on the other is a single point of contact between the customer and the various financial institutions. The customer only needs to remember one set of password, identification, key code and file format. The payment aggregation software will convert the payment instructions into the formats required and send the payment instructions to the relevant financial institution for processing. The payment aggregation software will also reconcile the results of the payment processing into a report and sends it back to the customer. It is a time saving, cost effective method of payment processing.

1.3 DEMAND AND SUPPLY CONDITIONS

The conventional method of payment is through the issuing of cheques which requires multiple signatures or approvals in a business environment. Delays in payment are common through this method because of the need for the physical presence of the signatory to sign the cheques. This can be difficult to achieve should any of the signatories are travelling. As a result, disruptions in business operations can happen due to late payments.

The demand for payment aggregation software is influenced by the following factors:

- Increased efficiency and cost savings,
- Reconciliation of payment responses from financial institutions into a single report,
- Increased overall speed of payment processing through efficient preparation of payment instructions,
- Increased security over manual payment methods,
- Interoperability with the major computer platforms and financial file formats.

These are the advantages offered by payment aggregation software over the conventional method of payment processing.

Internet banking in Malaysia has been experiencing high growth in the past three (3) years. The volume of transactions for internet banking in Malaysia grew approximately 57.9%, 38.5% and 40% in 2007, 2008 and 2009 respectively. Internet banking subscribers has also increased approximately 30.6% in 2009. As payment aggregation software is able to simplify

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and increase the overall speed of internet banking, the demand for payment aggregation software is anticipated to rise in tandem with the growth in internet banking in Malaysia.

In Malaysia, there are only four (4) payment aggregation software providers, namely MEPS, MyEG, Rexit and TMX. The main barrier to entry for new entrants into the payment aggregation software market is the difficulty in establishing direct-links with financial institutions while the use of indirect-links incurs additional costs, affecting the pricing of services and competitiveness.

1.4 RELIANCE ON AND VULNERABILITY TO IMPORTS

Malaysia's payment aggregation software providers are not dependent on any imports that may have an adverse effect on their business operations.

One of the major requirements for payment aggregation software providers are data servers for hosting the payment aggregation software. The data servers, which are mostly imported comprise server hardware and software for the installation and maintenance of server systems for payment aggregation software. There are numerous suppliers and distributors of server systems in Malaysia that supply well known commercial server brands such as HP, Dell, IBM and Acer.

As there are no specific licensing requirements in order to provide payment aggregation software in Malaysia, major foreign international companies offering payment aggregation software services are able to compete in the Malaysian payment aggregation software market. However, due to the challenging task of establishing direct links with banks, it is difficult for new players to penetrate the market.



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1.5 GOVERNMENT LEGISLATION, POLICIES AND INCENTIVES

There are no specific policies for the payment aggregation software market in Malaysia. However, there are legislations and policies for software developers, Intellectual Property (IP) holders and system integrators.

1.5.1 LEGISLATIONS

To encourage the development of a knowledge-based nation, the Government is committed in providing a comprehensive regulatory framework to protect IP and encourage innovation, facilitating the development of an effective and efficient information and communication technology (“ICT”) and multimedia environment in Malaysia. IP protection comprises primarily patents, trademarks, industrial designs and copyrights. Components of the Government’s regulatory framework include:

I Patent Act 1983 & Patents Regulations 1996

The Patents Act 1983 and the Patents Regulations 1996 govern patent protection in Malaysia. An invention is patentable if it is new, involves an inventive step and is industrially applicable. In accordance with trade-related aspects of IP rights (“TRIPS”), the Patent Act stipulates a protection period of 20 years from the date of filing of an application. Under the Act, the utility innovation certificate provides for an initial duration of ten (10) years protection from the date of filing of the application. The owner of a patent has the right to exploit the patented invention, to assign or transmit the patent, and to conclude a licensed contract.

II Trade Marks Act 1976 and Trade Marks Regulation 1997

Trademark protection is governed by the Trade Marks Act 1976 and the Trade Marks Regulations 1997. The Act provides protection for registered trademarks and service marks in Malaysia. Once registered, no person or enterprise other than its proprietor or authorised users may use them. Infringement action can be initiated against abusers. The period of protection is ten (10) years, renewable for a period of every ten (10) years thereafter. The

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proprietor of the trademark or service mark has the right to deal or assign as well as to license its use. The registered proprietor is entitled to commence infringement action against others who use his mark without consent or lodge a complaint under the Trade Description Act 1972.

III Industrial Design Act 1996 and Industrial Designs Regulations 1999

Industrial design protection in Malaysia is governed by the Industrial Designs Act 1996 and Industrial Designs Regulations 1999. The Act provides the rights of registered industrial designs as that of a personal property capable of assignment and transmission by operation of the law. Industrial designs must be new and must not include a method of construction or design that is dictated solely by function. Local applicants can file registrations individually or through a registered industrial designs agent. Registered industrial designs are protected for an initial period of five (5) years which may be extended for another two (2) five (5)-year terms, providing a total protection period of 15 years.

IV Copyright Act 1987

The Copyright Act 1987 gives exclusive rights to the owner of a copyright for a specific period. There is no system of registration for copyright in Malaysia. Literary works, musical works, artistic works, films, sound recordings, broadcasts and derivative works is protected automatically if sufficient effort has been expended to make the work original in character; the work has been written down, recorded or otherwise reduced to a material form. The Copyright Act 1987 also specifies the circumstances amounting to and remedies for infringements and offences. The Copyright (Amendment) Act 1997 which amended the Copyright Act 1987 provides for unauthorised transmission of copyright works over the Internet as an infringement of copyright. It is also an infringement of copyright to circumvent any effective technological measures aimed at restricting access to copyright works.

The Copyright Act provides for the enforcement of the law by the Ministry of Domestic Trade and Consumer Affairs, specifically the Enforcement Division, apart from the Police. The Copyright Act also provides the necessary clout to the enforcement agencies to effectively carry out anti-piracy measures.



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It is an infringement of copyright to circumvent any effective technological measures aimed at restricting access to works, removal or alteration of any electronic rights management information without authority, or distribution, importation for distribution or communication to the public, without authority, works or copies of works in respect of which electronic rights management information has been removed or altered without authority. These provisions are aimed at ensuring adequate protection of IP rights for companies investing in the IT and multimedia environment.

1.5.2 INCENTIVES

I INCENTIVES FOR MULTIMEDIA SUPER CORRIDOR (“MSC”) STATUS COMPANIES

MSC status is the recognition by the Malaysian government through the Multimedia Development Corporation (“MDeC”) to companies that participate and undertake ICT activities in the MSC. Companies with MSC status enjoy a set of incentive and benefits that is backed by the Government’s Bill of Guarantees.

The incentives enjoyed by MSC Status companies are:

- Pioneer Status with a tax exemption of 100% of the statutory income for a period of five (5) years for the first round, or an Investment Tax Allowance (“ITA”) of 100%, and
- Eligibility of R&D grants (for majority of Malaysian-owned MSC status companies).

Other benefits include:

- Duty free import of multimedia equipment;
- IP protection and a comprehensive framework of cyber laws;
- No censorship of the Internet;
- Globally competitive telecommunication tariffs and services;
- High-powered implementation agency, the MDeC, to provide consultancy and assistance within the MSC;
- High quality, planned urban development;



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- Excellent R&D facilities; and
- Green and protected environment.

II INCENTIVES FOR A KNOWLEDGE-BASED ECONOMY

Malaysia is in the process of transforming itself from a production-based to a Knowledge-based economy. To further encourage companies to invest in knowledge-intensive activities, certain companies that qualify will be granted “Strategic Knowledge-based Status”. These companies must have the following characteristics:

- The potential to generate knowledge content;
- High value-added operations;
- Usage of high technology;
- A large number of Knowledge-based workers; and
- Possess a corporation Knowledge-based master plan.

Companies granted “Strategic K-based Status” are eligible for the following incentives:

- Pioneer Status with a tax exemption of 100% of the statutory income for a period of five (5) years; or
- ITA of 60% on the qualifying capital expenditure incurred within five (5) years. The allowance can be offset against 100% of the statutory income in the year of assessment.

III INCENTIVES FOR R&D

The Promotion of Investment Act 1986 defines R&D as “any systematic or intensive study carried out in the field of science or technology with the objective of using the results of the study for the production or improvement of materials, devices, products, produce or process but does not include:

- Quality control of products or routine testing of materials, devices, products or produce;
- Research in the social sciences or humanities;
- Routine data collection;



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- Efficiency surveys or management studies; and
- Market research or sales promotions.

To further strengthen Malaysia's foundation for more integrated R&D, companies which carry out design and prototyping as independent activities are also eligible for incentives.

Main Incentives for R&D

a. Contract R&D Company

A contract R&D company, i.e., a company that provides R&D services in Malaysia to a company other than its related company, is eligible for:

- Pioneer Status with a tax exemption of 100% of the statutory income for five (5) years; or
- ITA of 100% on the qualifying capital expenditure incurred within ten (10) years, which can be offset against 70% of the statutory income in the year of assessment.

b. R&D Company

A R&D company, i.e. a company that provides R&D services in Malaysia to its related company or to any other company, is eligible for an ITA of 100% on the qualifying capital expenditure incurred within ten (10) years. The allowance can be offset against 70% of the statutory income in the year of assessment. Should the R&D company opt not to avail itself of the allowance, its related companies can enjoy a double deduction for payments made to the R&D company for services rendered.

Eligibility:

Research undertaken should be in accordance with the needs of the country and bring benefit to the economy;



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- At least 70% of the income of the company should be derived from R&D activities;
- For manufacturing-based R&D, at least 50% of the workforce of the company must be appropriately qualified personnel performing research and technical functions; and
- For agriculture-based R&D, at least 5% of the workforce of the company must be appropriately qualified personnel performing research and technical functions.

c. In-House Research

A company that undertakes in-house R&D to further its business can apply for an ITA of 50% on the qualifying capital expenditure incurred within ten (10) years. The company can offset the allowance against 70% of its statutory income in the year of assessment.

d. Second Round Incentives

R&D companies/activities mentioned in categories (I) - (III) will be eligible for a second round of Pioneer Status for another five (5) years, or ITA for a further ten (10) years, where applicable.

e. Double Deduction for R&D

- A company can enjoy a double deduction on its revenue (non-capital) expenditure for research which is directly undertaken and approved by the Minister of Finance.
- Double deduction can also be claimed for cash contributions or donations to approved research institutes, and payments for the use of the services of approved research institutes, approved research companies, R&D companies or contract R&D companies.
- Approved R & D expenditure incurred during the Pioneer Status period will be allowed to be accumulated and brought forward and be given another deduction after the Pioneer Status period.

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- Expenditure on R&D activities undertaken overseas, including the training of Malaysian staff, will be considered for double deduction on a case-by-case basis.

1.5.3 POLICIES

The transfer of the payment and settlement systems to the Malaysian Electronic Clearing Corporation Sdn. Bhd. (“MyClear”), a wholly-owned subsidiary of BNM, was completed without any disruption. This institutional arrangement strengthened the governance structure with the segregation of responsibility to operate Real-time Electronic Transfer of Funds and Securities System (RENTAS) and National Electronic Cheque Information Clearing System (eSPICK) being entrusted to MyClear, while BNM is responsible for oversight of the payment systems. As part of its oversight role, BNM has issued supervisory expectations to be observed by MyClear. These include requirements for risk management and compliance with best practices and international standards for payment system operations. During the year, the robustness and adequacy of the business continuity plans of RENTAS and eSPICK members were continuously tested to ensure minimal disruption to the functioning of these systems.

In managing public confidence and in improving the adoption of e-payment initiatives, BNM accorded great importance in ensuring the robustness and reliability of the major retail payment systems such as the Malaysian Electronic Payment System Sdn. Bhd. (“MEPS”) and Touch ‘n Go Sdn. Bhd. (“TnG”).

Continuous collaboration and engagement with the Government and private sectors were undertaken to promote the use of e-payment and to achieve the benefit of more efficient transfer of funds. In 2009, BNM commissioned a study to identify the impediments and issues that are constraining the successful implementation of the e-payment agenda. Approximately 96% of Government payments are now via electronic funds transfer, whilst the use of credit transfer facility for payments to the Government grew substantially to RM41.3 million (2008: RM21.9 million). In the securities sector, collaborative efforts

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between BNM, Securities Commission Malaysia, Bursa Malaysia, Association of Banks in Malaysia, Association of Stockbroking Companies Malaysia and MEPS were made to facilitate the adoption of e-payments for the sale and purchase of shares as well as for payment of dividends through e-Dividends.

Continuous emphasis on promoting awareness and enhancing cooperation of more economic sectors to drive the higher adoption of e-payments will be a priority for 2010. BNM will also focus on establishing regional collaboration for more inter-connected payment systems in the region to deepen the financial integration between the ASEAN countries. Given the more inter-connected payment systems in the region, work has already progressed towards establishing cross-border collateral arrangements within the Executives' Meeting of East Asia-Pacific (EMEAP) region as part of enhancing liquidity crisis management.

During the 10MP period, the finance and insurance sectors are targeted to grow at 8.3% and contribute 12.7% to GDP. The financial sector will be further strengthened so that it remains competitive, resilient, diversified and continues to meaningfully contribute to economic growth.

One of the key initiatives under the 10MP is the formulation of a new financial sector blueprint to articulate strategies to further evolve the Malaysian financial sector to support and drive the next phase of Malaysia's economic development, which includes greater leveraging of technology and innovation in the delivery of financial services, enhancing the financial system infrastructure including institutional and capacity building and implementing adequate safeguards to preserve financial stability.



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1.6 INDUSTRY PLAYERS AND COMPETITION

In Malaysia, there are only four (4) payment aggregation software providers. They are involved in the provision of payment aggregation software services. They are similar in terms of the provision of a system with a single interface which allows for multiple payments to multiple bank accounts.

There are no known competitors that compete in the market in which TMX operates in. MEPS is principally involved in the provision of real-time processing of payments electronically through its direct-linkages with the local banks. Rexit is principally involved in the provision of payment aggregation software services to the insurance industry while MyEG focuses its services on government related e-payments.

Payment Aggregation Software Providers in Malaysia and their Revenues as at latest applicable date

TMX		TMX is principally involved in the provision of financial applications, e-payments and collection solutions using the SaaS business model.	MAX-PAYGATE-PPS, MAX-PAYGATE -MPS, MAX-PAYGATE -APS, MAX-PAYGATE -Connect, MAX-PAYGATE -e-Collection, and MAX-PAYGATE -Link	Private sector (B2B) and banking industry.	4,578
MyEG	Bursa Malaysia	MyEG is principally engaged in the business of development and implementation of electronic Government ("e-Government") services and the provision of other related services for the e-Government initiative.	Driving license renewal, auto insurance renewal, road tax renewal, LDL application and PDRM summons alert.	Government sector	52,480
MEPS		MEPS is wholly owned by the Malaysian financial institutions and is principally involved in the provision of an inter-bank payment network service.	Shared ATM Network, Cross-border Cash Withdrawal, Inter-bank ATM Funds Transfer, Interbank GIRO, e-Debit, FPX, and etc.	Consumer and banking industry.	98,813
Rexit	Bursa Malaysia	Rexit is principally involved in the provision of web-based insurance solutions which cater for the front-end marketing and sales functions, as well as the back-end operations and management requirements of insurance companies.	e-Cover, IIMS, e-CMS, and e-HMS.	Insurance industry	19,435

Source: D&B Malaysia Research, Company websites, Management of TMX, & Companies Commission of Malaysia

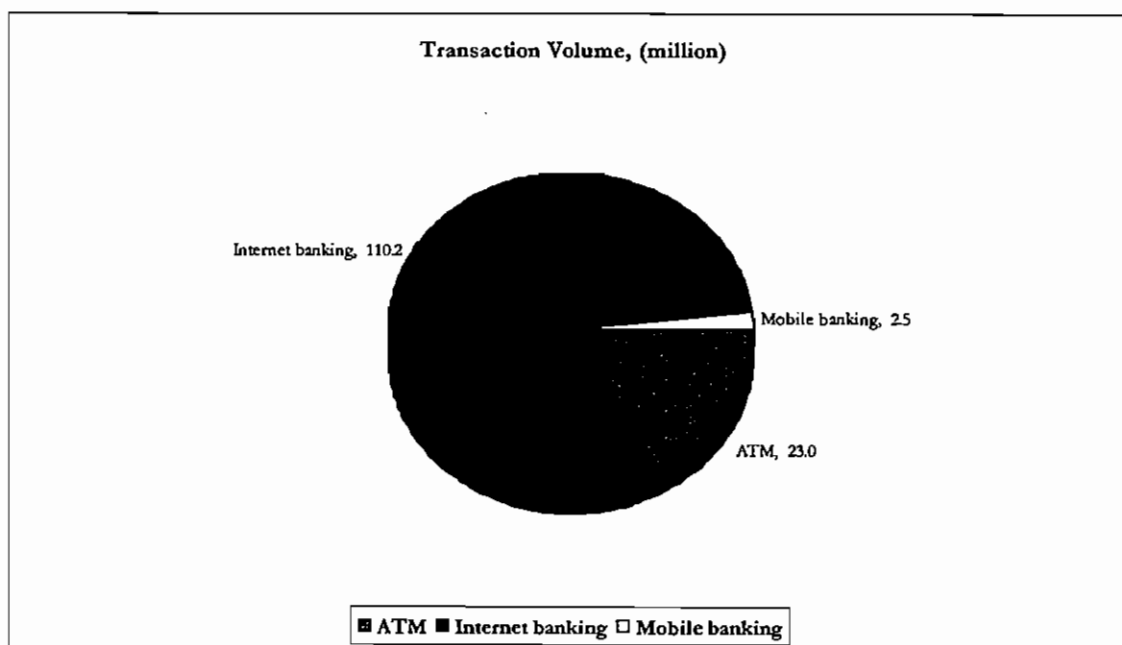


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1.6.1 MARKET SIZE

Under the Bank for International Settlements, a payment system consists of instruments, banking procedures, and typically inter-bank funds transfer systems that ensure and facilitate the circulation of money. In essence, it facilitates corporations, businesses and consumers to transfer funds to one another. In Malaysia, there are seven (7) types of e-payment systems and channels. As at 2009, TMX had processed a total of approximately 6.2 million transactions valued at RM6 billion.

Estimated Market Size of the e-Payment Systems and Channels, in Terms of Transaction Volume as at FYE2009



Note:

ATM = Automatic Teller Machine

Source: Bank Negara Malaysia



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1.7 PROSPECTS AND OUTLOOK

The payment aggregation software market is vibrant and filled with exciting opportunities supported by the need for efficient payment processing and the Government's efforts to champion the nation's migration to e-payments as well as the growth of broadband and internet penetration.

The increased efficiency and cost savings derived is a compelling factor that continues to drive the adoption of payment aggregation software. The use of e-payments in Malaysia has been growing at a rapid pace in the past few years. Many organisations are capitalising on the efficiency and cost savings of e-payments as a means to enhance competitiveness. Payment aggregation software helps increase the speed of payment processing, reduces costs associated with manual payment processing (i.e. issuance of cheques and etc.), and is much more secure than the manual payment processing. It provides convenience to the user with a single format for entering payment instructions instead of entering multiple payment instructions in different formats required by the financial institutions.

BNM's efforts on promoting awareness and enhancing cooperation of more economic sectors to drive the higher adoption of e-payments for 2010 augurs well for the payment aggregation software market. Internet banking in Malaysia grew approximately 40% in terms of transaction volume and approximately 28% in terms of transaction value.

The increasing broadband and internet penetration in Malaysia is anticipated to broaden market access to online services such as payment aggregation software. Broadband penetration has increased approximately 50.2% in 2009 while internet penetration increased 31.4% in 2008. The rapid growth can be attributed to the Government's committed efforts to increase access to broadband and internet in the country. The increasing technology literacy will provide an increased exposure and awareness of the availability of online services such as payment aggregation software as well as an increased confidence in such services.



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The growth and sustainability of the payment aggregation software market is expected to be driven by the continuous need for efficient payment processing, Government efforts, growth in broadband and internet penetration and the increase in technology literacy.

1.7.1 GROWTH FORECAST

The payment aggregation software market is a supporting industry to the overall financial sector. It is an efficient and cost saving tool for businesses to conduct internet banking transactions. Thus, the growth of internet banking in Malaysia will have a direct impact on the payment aggregation software market.

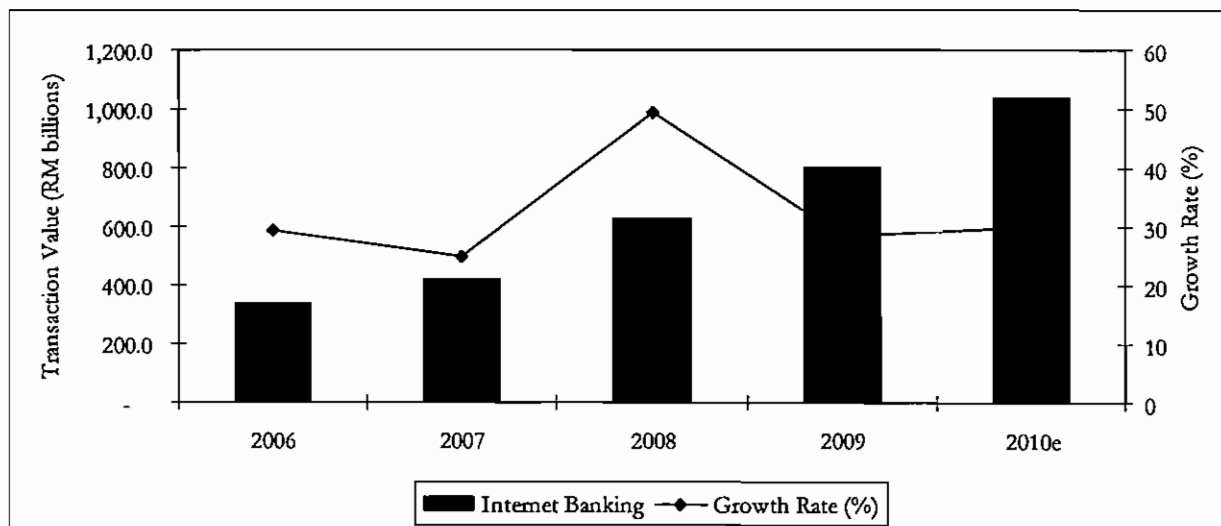
As at 2009, the transaction volume for internet banking stood at 564.1 million valued at RM801.4 billion. Year-on-year transaction volume growth rate increased slightly from 38.5% in 2008 to 40.1% in 2009. Despite the high growth in transaction volume, the internet banking penetration rate remained low at only 28.1% subscribers out of approximately 28 million Malaysians in 2009.

The figure below shows the historical data of internet banking transaction values in Malaysia between 2006 and 2009, and the forecast transaction value for 2010.



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Total Transaction Value and Growth Rates in Malaysia, 2006-2010e



Note:

e = estimate

Source: Bank Negara Malaysia, D&B Malaysia Research

The payment aggregation software market is vibrant and filled with exciting opportunities supported by the high growth rate of internet banking in Malaysia, which is anticipated to continue supported by BNM's continuous efforts to improve the payment system infrastructure in Malaysia, the gradual migration of the nation to e-payments, the growth of broadband internet and internet penetration as well as the increase in technology literacy.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION

7.1 HISTORICAL FINANCIAL INFORMATION

The proforma consolidated income statements of CSHB Group for the audited FYE 2007 to 2009 and 7-months FPE 31 July 2010, as well as unaudited 7-months FPE 31 July 2009 which our Directors are solely responsible for, are set out below. The proforma consolidated income statements have been prepared solely for illustrative purposes only, on the assumption that our Group has been in existence throughout the periods under review and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 13 of this Prospectus.

	Proforma FYE			Unaudited 7-months FPE 31 July	Proforma
	2007 RM'000	2008 RM'000	2009 RM'000	2009 RM'000	2010 RM'000
Revenue	24,619	29,459	30,122	14,520	18,442
GP	12,201	15,346	16,653	7,518	8,971
EBITDA	7,895	13,312 *	10,857 [^]	5,054	5,795
Amortisation	(748)	(564)	(809)	(472)	(684)
Depreciation	(466)	(539)	(546)	(308)	(355)
Interest expenses	(187)	(425)	(323)	(189)	(195)
Interest income	71	83	86	67	20
PBT	6,565	11,867	9,265	4,152	4,581
Taxation	(84)	(59)	8	(17)	(6)
PAT	6,481	11,808	9,273	4,135	4,575
GP margin (%)	49.6	52.1	55.3	51.8	48.6
PBT Margin (%)	26.7	40.3	30.8	28.6	24.8
PAT margin (%)	26.3	40.1	30.8	28.5	24.8
Number of Shares after the Acquisition of Subsidiaries ('000)	149,100	149,100	149,100	149,100	149,100
Number of Shares upon Listing ('000)	172,100	172,100	172,100	172,100	172,100
Gross EPS (sen) ⁽¹⁾	4.4	8.0	6.2	4.8 ^{**}	5.3 ^{**}
Gross EPS (sen) ⁽²⁾	3.8	6.9	5.4	4.1 ^{**}	4.6 ^{**}
Net EPS (sen) ⁽³⁾	4.3	7.9	6.2	4.8 ^{**}	5.3 ^{**}
Net EPS (sen) ⁽⁴⁾	3.8	6.9	5.4	4.1 ^{**}	4.6 ^{**}

Note:-

- * Includes RM3.18 million arising from the gain from the sale of CSM's property
- [^] Includes RM1.34 million development expenditure written off due to alignment of TMX's amortisation policy of ten (10) years to be in line with CSM's amortisation policy of five (5) years.
- ** Annualised
- (1) Derived by dividing PBT by the number of Shares after the Acquisition of Subsidiaries
- (2) Derived by dividing PBT by the number of Shares upon Listing
- (3) Derived by dividing PAT by the number of Shares after the Acquisition of Subsidiaries
- (4) Derived by dividing PAT by the number of Shares upon Listing

Our Group's audited financial statements for the past financial years under review have not been subjected to any audit qualification.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION (Cont'd)

The proforma consolidated balance sheets of CSHB as at 31 July 2010, which our Directors are solely responsible for, are prepared for illustrative purposes only, and are on the basis set out below:-

Proforma I : After Acquisition of CSM
 Proforma II : After Proforma I and Acquisition of TMX
 Proforma III : After Proforma II and Public Issue
 Proforma IV : After Proforma III and utilisation of listing proceeds

	As at 31 July 2010 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000
ASSETS					
NON-CURRENT ASSETS					
Plant and equipment	-	1,397	1,765	1,765	6,655
Development Expenditure	-	4,987	9,685	9,685	15,685
Investments	-	-	-	-	-
Other Investments	-	100	100	100	100
	-	6,484	11,550	11,550	22,440
CURRENT ASSETS					
Trade receivables	-	14,489	15,202	15,202	15,202
Other receivables, deposits and prepayments	-	4,547	4,795	4,795	4,795
Tax refundable	-	93	101	101	101
Fixed deposits with a licensed bank	-	317	453	453	453
Cash and bank balances	-	91	462	21,852	5,514
	-	19,537	21,013	42,403	26,065
TOTAL ASSETS	#	26,021	32,563	53,953	48,505
EQUITY AND LIABILITIES					
Share capital	#	13,300	14,910	17,210	17,210
Retained profits	(55)	17,878	21,867	21,867	20,729
Share premium	-	-	-	19,090	18,780
Merger deficit	-	(12,300)	(12,300)	(12,300)	(12,300)
TOTAL EQUITY	(55)	18,878	24,477	45,867	44,419
NON-CURRENT LIABILITY					
Long-term borrowings	-	543	567	567	567

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION (Cont'd)

	As at 31 July 2010 RM'000	Proforma RM'000	Proforma II RM'000	Proforma V RM'000
CURRENT LIABILITIES				
Trade payables	-	1,967	2,597	2,597
Other payables and accruals	55	527	803	803
Short-term borrowings	-	4,106	4,119	119
	55	6,600	7,519	3,519
TOTAL LIABILITIES	55	7,143	8,086	4,086
TOTAL EQUITY AND LIABILITIES	#	26,021	32,563	48,505
Number of Shares ('000)	*	133,000	149,100	172,100
Net (liabilities) / assets ("NA/(NL)") (RM'000)	(55)	18,878	24,477	44,419
(NL)/NA PER SHARE (Sen)	(275,000)	14.2	16.4	25.8

Notes:-
RM2
* 20

Further notes to the Proforma Consolidated Balance Sheets of our Group are set out in Section 7.2 of this Prospectus.

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7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION (Cont'd)

The proforma consolidated cash flow statement for the 7-months FPE 31 July 2010 have been prepared, solely for illustrative purposes, to show our Group's cashflow had our Group been in existence during the financial period presented.

	7-months FPE 2010 RM'000
<u>CASH FLOWS FROM OPERATION ACTIVITIES</u>	
Profit before taxation	4,581
<u>Adjustments for:-</u>	
Amortisation of development expenditure	684
Depreciation of equipment	355
Interest expense	195
Interest income	(20)
	5,796
<u>Working capital:-</u>	
Increase in trade and other receivables	(3,941)
Decrease in trade and other payables	(236)
CASH FROM OPERATIONS	1,619
Income Tax paid	(6)
Interest paid	(195)
NET CASH FROM OPERATIONS	1,418
<u>CASH FLOWS FOR INVESTING ACTIVITIES</u>	
Development expenditure	(1,945)
Purchase of equipment	(69)
Interest received	20
NET CASH FOR INVESTING ACTIVITIES	(1,994)
<u>CASH FLOWS FOR FINANCING ACTIVITIES</u>	
Dividends paid	(5,592)
Repayment of hire purchase obligations	(56)
NET CASH FOR FINANCING ACTIVITIES	(5,648)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,224)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	7,103
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	879
CASH AND CASH EQUIVALENTS COMPRISE:	
Fixed deposits with a licensed bank	453
Cash and bank balances	462
Bank overdraft	(36)
	879

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)

7.2 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in the Prospectus)



29 December 2010

The Board of Directors
Century Software Holdings Berhad
Level 18, The Gardens,
North Tower, Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur

Dear Sirs

**CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the proforma consolidated financial information of CSHB and its subsidiaries ("CSHB Group" or "the Group") for the financial years ended 31 December 2007 to 2009 and financial period ended 31 July 2010, together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (initialled by us for the purpose of identification only), for inclusion in the Prospectus of CSHB in connection with the listing of CSHB Group on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

It is our responsibility to form an opinion on the proforma consolidated financial information as required by the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission and to report our opinion to you.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the audited financial statements, considering the evidence supporting the adjustments, and discussing the proforma consolidated financial information with the Directors of the Group.

As the proforma consolidated financial information has been prepared for illustrative purposes only, such information may not, because of its nature, reflect the actual financial position, results and cash flows of the Group. Furthermore, such information does not purport to predict the future financial position, results and cash flows of the Group.

In our opinion,

- (a) the proforma consolidated financial information has been properly prepared on the bases set out in the accompanying notes to the proforma financial information and such bases are consistent with the accounting policies of CSHB Group;
- (b) the financial statements used in the preparation of the proforma consolidated financial information were prepared in accordance with applicable approved Financial Reporting Standards in Malaysia; and
- (c) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing such proforma consolidated financial information.

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Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Muar • Penang

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)



We understand that this letter will be used solely for the purpose stated above, in connection with the aforementioned transactions. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

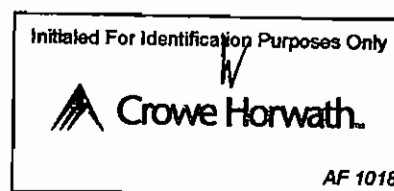
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Crowe Horwath
Firm No : AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to be "LKW".

Lee Kok Wai
Approval No : 2760/06/12 (J)
Chartered Accountant

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)



CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1. PROFORMA GROUP AND BASIS OF PREPARATION

1.1 Proforma Group

The proforma consolidated financial information of the CSHB Group comprises the financial information of CSHB, Century Software (Malaysia) Sdn. Bhd. ("CSM") and T-Melmax Sdn. Bhd. ("TMX"), and is presented for the purpose of illustration only.

The relevant financial period for the purpose of this report ("Relevant Financial Period") is as follows:-

Company	Relevant Financial Period
CSHB	Audited financial period ("FP") from 8 August 2008 (date of incorporation) to 31 December 2008 ("FPE 2008"), audited financial year ended 31 December ("FYE") 2009 ("FYE 2009"), unaudited FP from 1 January 2009 to 31 July 2009 ("FPE 2009") and audited FP from 1 January 2010 to 31 July 2010 ("FPE 2010").
CSM	Audited FYE 2007, FYE 2008 and FYE 2009, unaudited FPE 2009 and audited FPE 2010.
TMX	Audited FP from 1 July 2006 to 31 December 2007 ("FYE 2007"), audited FYE 2008 and FYE 2009, unaudited FPE 2009 and audited FPE 2010.

The proforma consolidated financial information of CSHB Group is prepared on the assumption that CSHB Group had been in existence throughout the financial years ended 31 December 2007, 2008 and 2009, and financial period ended 31 July 2010. The proforma consolidated financial information comprise the following:-

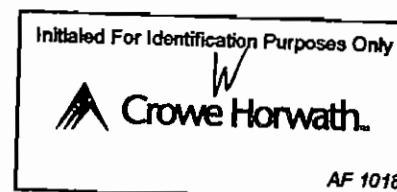
- Section 2 - Proforma Consolidated Statements of Comprehensive Income for the Relevant Financial Period;
- Section 3 - Proforma Consolidated Statements of Financial Position as at 31 July 2010; and
- Section 4 - Proforma Consolidated Statements of Cash Flow for the FPE 31 July 2010.

1.2 Basis of Preparation

The proforma consolidated financial information is prepared using the audited financial statements of CSHB, CSM and TMX for the Relevant Financial Period.

The proforma consolidated financial information has been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia consistent with those previously adopted in the preparation of the audited financial statements of CSHB Group for the FPE 31 July 2010 and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

7 **HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION**
(Cont'd)



CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1.2 BASIS OF PREPARATION (CONT'D)

The proforma consolidated financial information has been prepared solely to illustrate:-

- (i) the financial results of CSHB Group for the financial years ended 31 December 2007 to 2009 and financial period ended 31 July 2010 on the assumption that CSHB Group had been in existence throughout the Relevant Financial Periods;
- (ii) the proforma consolidated statements of financial position of CSHB Group as of 31 July 2010 which incorporate the effects of the listing scheme as described below had the scheme been implemented and completed on 31 July 2010; and
- (iii) the cash flows of CSHB Group for the financial period ended 31 July 2010 on the assumption that the Group structure had been in place since the beginning of the financial period ended 31 July 2010.

This report covers the financial information derived from the audited financial statements of CSHB Group for the Relevant Financial Period. The financial statements of CSHB Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

- (a) During the current financial period, CSHB Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

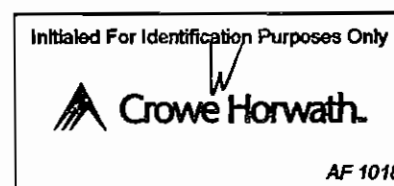
FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

7 **HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION**
(Cont'd)



CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1.2 BASIS OF PREPARATION (CONT'D)

- (a) During the current financial period, CSHB Group has adopted the following new accounting standards and interpretations (including the consequential amendments) (Cont'd):

FRSs and IC Interpretations (including the Consequential Amendments)

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

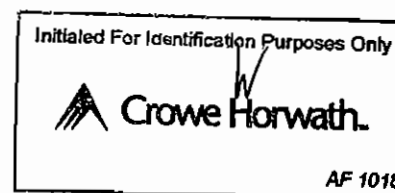
Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on CSHB Group's financial statements, other than the following:

- (i) FRS 7 requires additional disclosures about CSHB Group's financial instruments. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout CSHB Group's financial statements for the financial period ended 31 July 2010.

**7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)**



CENTURY SOFTWARE HOLDINGS BERHAD (“CSHB”) AND ITS SUBSIDIARIES (“CSHB GROUP”)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1.2 BASIS OF PREPARATION (CONT'D)

(a) During the current financial period, CSHB Group has adopted the following new accounting standards and interpretations (including the consequential amendments) (Cont'd):

(ii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments. There is no material financial impact to CSHB Group's financial statements.

(iii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. CSHB Group has elected to present this statement as one single statement.

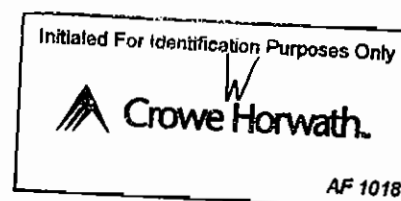
The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

(b) CSHB Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010

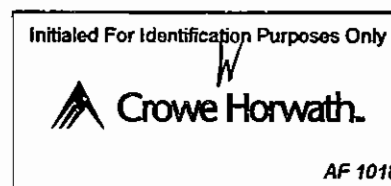
7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
1.2 BASIS OF PREPARATION (CONT'D)

- (b) CSHB Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period (Cont'd):-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)



CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

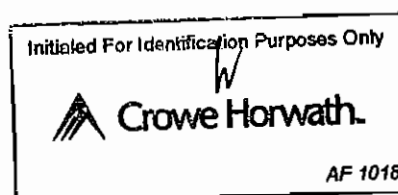
1.2 BASIS OF PREPARATION (CONT'D)

- (b) CSHB Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period (Cont'd):-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010

The above accounting standards and interpretations (including the consequential amendments) are not relevant to CSHB Group operations.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
1.2 BASIS OF PREPARATION (CONT'D)
Listing Scheme

In conjunction with and as an integral part of the listing of CSHB on the Main Market of Bursa Securities, CSHB has undertaken the following transactions:-

- (a) CSHB increased its authorised share capital from RM100,000 comprising 1,000,000 ordinary shares of RM0.10 each to RM25,000,000 comprising 250,000,000 CSHB shares.
- (b) Acquisition of CSM by CSHB.

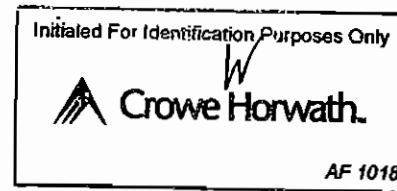
CSHB acquired the entire equity interest in CSM of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM13,299,998 which was satisfied entirely by the issuance of 132,999,980 CSHB Shares at an issue price of RM0.10 per CSHB Share.

Pursuant to a Sale and Purchase Agreement dated 29 June 2010 and its completion on 15 December 2010, CSHB had acquired 100% of CSM shares from the shareholders of CSM as follows:-

Shareholders of CSM	No. of CSM Shares previously held		%	No. of new CSHB Shares issued
Censof Sdn. Bhd.	802,965	80.30		106,794,327
Ramlee bin Mohd. Shariff	30,600	3.06		4,069,800
Malaysia Venture Capital Management Bhd	60,835	6.08		8,091,054
Expedient Equity Ventures Sdn. Bhd.	52,900	5.29		7,035,699
Hafiz Mursjidi Bin Suhaimi	1,876	0.19		249,508
YM Raja Mohd Nazri Bin Raja Abd Malek	7,504	0.75		998,032
Khalek Bin Awang	18,796	1.88		2,499,868
Rosdin Bin Hanafiah	18,796	1.88		2,499,868
Mohd Akob Bin Ahmad	5,728	0.57		761,824
Total	1,000,000	100.00		132,999,980

The purchase consideration was arrived at on a willing buyer-willing seller basis and represents 1.31 times of the profit after taxation of CSM for the financial year ended ("FYE") 31 December 2009 amounting to approximately RM10,144,099.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
1.2 BASIS OF PREPARATION (CONT'D)
Listing Scheme (Cont'd)
(b) Acquisition of CSM by CSHB (Cont'd)

Upon completion of the Proposed Acquisition of CSM, the issued and paid-up share capital of CSHB increased from RM2 comprising 20 CSHB Shares to RM13,300,000 comprising 133,000,000 CSHB Shares, credited as fully paid-up.

(c) Acquisition of TMX by CSHB

TMX is a wholly owned subsidiary of T-Melmax Global Sdn. Bhd. ("T-Global"). As part of the terms of the Acquisition of TMX, T-Global had renounced its rights to CSHB Shares to its shareholders.

CSHB acquired the entire equity interest in TMX of RM5,146,759 comprising 5,146,759 ordinary shares of RM1.00 each for a total purchase consideration of RM1,610,000 which was satisfied entirely by the issuance of 16,100,000 CSHB Shares at an issue price of RM0.10 per CSHB Share.

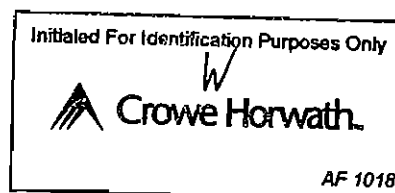
Pursuant to a Sale and Purchase Agreement dated 29 June 2010 and its completion on 20 December 2010, CSHB had acquired 100% of TMX shares from the shareholders of T-Global as follows:-

Shareholders of T-Global	Based on their shareholdings at T-Global %*	No. of new CSHB Shares issued
Abdul Mushir Bin Che Chik	31.91	5,138,342
Wong Kam Yin	31.21	5,024,986
Malaysia Venture Capital Management Bhd	25.00	4,025,000
Chung Soon Nam	5.74	924,108
Legion Capital Advisory Sdn Bhd	2.68	431,250
Syed Naqiz Shahabuddin bin Syed Abdul Jabbar	1.73	278,157
Tengku Ab. Malek Bin Tengku Mohamed	1.73	278,157
Total	100.00	16,100,000

Note:-

* Represents their respective shareholdings in T-Global. This is the basis upon which the CSHB Shares are distributed to existing shareholders of T-Global pursuant to the renouncement as described above.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD (“CSHB”) AND ITS SUBSIDIARIES (“CSHB GROUP”)
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
1.2 BASIS OF PREPARATION (CONT'D)
Listing Scheme (Cont'd)
(c) Acquisition of TMX by CSHB (Cont'd)

The purchase consideration was arrived at on a willing buyer-willing seller basis and represents approximately 0.31 times of the audited net assets of TMX for the financial year ended 31 December 2009 of RM5,225,880.

Upon completion of the Proposed Acquisition of TMX, the issued and paid-up share capital of CSHB increased from RM13,300,000 comprising 133,000,000 CSHB Shares to RM14,910,000 comprising 149,100,000 CSHB Shares, credited as fully paid-up.

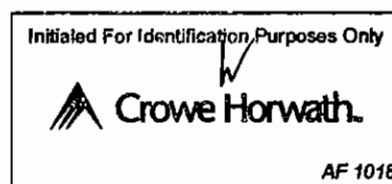
(d) Proposed Public Issue

In conjunction with the listing of CSHB on the Main Market of Bursa Malaysia Securities Berhad, CSHB proposes to issue 23,000,000 new CSHB Shares at an issue price of RM0.93 per Share to the public as follows:-

Public Issue	No. of Issue Shares to be allotted	% of the Enlarged Share Capital
(i) made available to eligible directors, employees and business associates who have contributed to the success of CSHB Group	5,800,000	3.37
(ii) by way of private placement to selected investors	8,550,000	4.97
(iii) by way of balloting to the Malaysian public	8,650,000	5.03
Total	23,000,000	6.68

Upon completion of the Proposed Public Issue, the issued and paid-up share capital of CSHB will increase from RM14,910,000 comprising 149,100,000 CSHB Shares to RM17,210,000 comprising 172,100,000 CSHB Shares credited as fully paid-up.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
1.2 BASIS OF PREPARATION (CONT'D)
Listing Scheme (Cont'd)
(d) Proposed Public Issue (Cont'd)

The estimated gross proceeds of RM21,390,000 will be accrued entirely to CSHB Group and to be utilised as follows:-

Proposed Utilisation	RM'000	%	Expected time frame for utilisation
Research and development expenditure	6,000	28.05	Within three (3) years from the date of receipt.
Business expansion and capital expenditure	4,890	22.86	Within three (3) years from the date of receipt.
Working capital	4,000	18.70	Within three (3) years from the date of receipt.
Repayment of bank borrowings	4,000	18.70	Within six (6) months from the date of receipt.
Estimated listing expenses	2,500	11.69	Within six (6) months from the date of receipt.
	21,390	100.00	

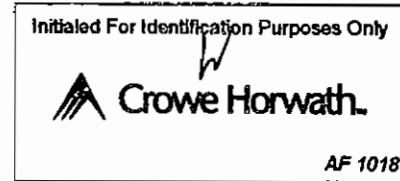
(e) Offer for Sale

A total of 10,931,200 CSHB Shares, representing approximately 6.35% of CSHB's enlarged issued and paid-up share capital at an indicative issue price of RM0.93 was made available for sale by the offerors referred to in the prospectus by way of private placement to identified investors. The Offer for Sale will raised a total gross proceeds of RM10,166,016, before deducting their share of the estimated expenses which includes management, placement and transfer fees relating to their respective portion of the Offer for Sale. All the proceeds from the Offer for Sale will be credited to the offerors and CSHB will not receive any part of the proceeds.

(f) Proposed Listing and Quotation on Main Market

After the Offer for Sale, the entire issued and paid-up share capital of RM17,210,000 comprising 172,100,000 CSHB Shares, will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)



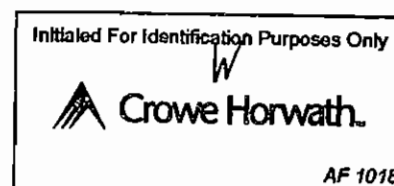
CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF CSHB GROUP

	Audited			Unaudited FPE 2009 RM'000	Audited FPE 2010 RM'000
	FYE 2007 # RM'000	FYE 2008 RM'000	FYE 2009 RM'000		
Revenue	24,619	29,459	30,122	14,520	18,442
Cost of sales	(12,418)	(14,113)	(13,469)	(7,002)	(9,471)
Gross profit ("GP")	12,201	15,346	16,653	7,518	8,971
Other income	543	4,291	348	183	36
	12,744	19,637	17,001	7,701	9,007
Administrative expenses	(5,504)	(6,752)	(5,233)	(3,051)	(3,874)
Other expenses	(484)	(592)	(2,177)	(309)	(357)
Profit from operations	6,756	12,293	9,591	4,341	4,776
Finance costs	(191)	(426)	(326)	(189)	(195)
Profit before taxation ("PBT")	6,565	11,867	9,265	4,152	4,581
Amortisation	748	564	809	472	684
Depreciation	466	539	546	308	355
Interest expense	187	425	323	189	195
Interest income	(71)	(83)	(86)	(67)	(20)
Earning before interest, taxation, depreciation and amortisation	7,895	13,312	10,857	5,054	5,795
Amortisation	(748)	(564)	(809)	(472)	(684)
Depreciation	(466)	(539)	(546)	(308)	(355)
Interest expense	(187)	(425)	(323)	(189)	(195)
Interest income	71	83	86	67	20
PBT	6,565	11,867	9,265	4,152	4,581
Income tax expense	(84)	(59)	8	(17)	(6)
Profit after taxation ("PAT")	6,481	11,808	9,273	4,135	4,575
Other comprehensive income	-	-	-	-	-
Total comprehensive income	6,481	11,808	9,273	4,135	4,575
Profit after taxation/Total comprehensive income attributable to:-					
Owners of the Company	6,481	11,808	9,273	4,135	4,575

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION (Cont'd)



CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF CSHB GROUP (CONT'D)

	Audited			Unaudited	Audited
	FYE 2007 #	FYE 2008	FYE 2009	FPE 2009	FPE 2010
	RM'000	RM'000	RM'000	RM'000	RM'000
GP margin (%)	49.6	52.1	55.3	51.8	48.6
PBT (%)	26.7	40.3	30.8	28.6	24.8
PAT (%)	26.3	40.1	30.8	28.5	24.8
Effective tax rate (%)	1.3	0.5	(0.1)	0.4	0.1
Interest coverage (times)	42	31	34	27	30
Number of ordinary shares of RM0.10 each in issue after the acquisition of CSM and TMX ('000)	149,100	149,100	149,100	149,100	149,100
Number of ordinary shares of RM0.10 each assumed in issue upon listing ('000)	172,100	172,100	172,100	172,100	172,100
Gross earnings per share ("EPS") (sen) ⁽¹⁾	4.4	8.0	6.2	4.8 *	5.3 *
Gross earnings per share ("EPS") (sen) ⁽²⁾	3.8	6.9	5.4	4.1 *	4.6 *
Net EPS (sen) ⁽³⁾	4.3	7.9	6.2	4.8 *	5.3 *
Net EPS (sen) ⁽⁴⁾	3.8	6.9	5.4	4.1 *	4.6 *

Note:-

- For the purpose of this Report, the proforma consolidated financial results for the FYE 2007 represents the aggregated audited financial results of CSM for the FYE 2007 and audited financial results of TMX for the financial period from 1 July 2006 to 31 December 2007.

* - These computations were annualised.

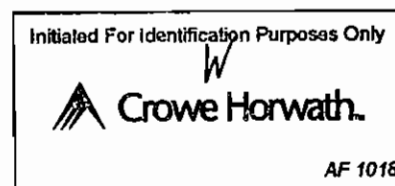
⁽¹⁾ - Derived by dividing PBT by the issued and paid-up ordinary share capital.

⁽²⁾ - Derived by dividing PBT by the enlarged issued and paid-up ordinary share capital upon listing.

⁽³⁾ - Derived by dividing PBT by the issued and paid-up ordinary share capital.

⁽⁴⁾ - Derived by dividing PBT by the enlarged issued and paid-up ordinary share capital upon listing.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION (Cont'd)



CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP AS AT 31 JULY 2010

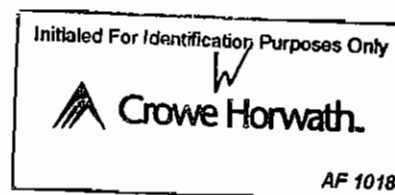
	Note	CSHB Audited as at 31 July 2010 RM'000	Proforma I Acquisition of CSM RM'000	Proforma II after Proforma I and Acquisition of TMX RM'000	Proforma III after Proforma II and Public Issue RM'000	Proforma IV after Proforma III and Utilisation of Listing Proceeds RM'000
ASSETS						
NON-CURRENT ASSETS						
Plant and equipment	3.6	-	1,397	1,765	1,765	6,655
Development expenditure	3.7	-	4,987	9,685	9,685	15,685
Investments	3.8	-	-	-	-	-
Other investments	3.9	-	100	100	100	100
		-	6,484	11,550	11,550	22,440
CURRENT ASSETS						
Trade receivables	3.10	-	14,489	15,202	15,202	15,202
Other receivables, deposits and prepayments	3.11	-	4,547	4,795	4,795	4,795
Tax refundable		-	93	101	101	101
Fixed deposits with a licensed bank	3.12	-	317	453	453	453
Cash and bank balances	3.13	#	91	462	21,852	5,514
		-	19,537	21,013	42,403	26,085
TOTAL ASSETS		#	26,021	32,563	53,953	48,505
EQUITY AND LIABILITIES						
Share capital	3.14	#	13,300	14,910	17,210	17,210
Retained profits	3.15	(55)	17,878	21,867	21,867	20,729
Share premium	3.16	-	-	-	19,090	18,780
Merger deficit	3.17	-	(12,300)	(12,300)	(12,300)	(12,300)
TOTAL EQUITY		(55)	18,878	24,477	45,867	44,419
NON-CURRENT LIABILITY						
Long-term borrowings	3.18	-	543	567	567	567
CURRENT LIABILITIES						
Trade payables	3.19	-	1,967	2,597	2,597	2,597
Other payables and accruals	3.20	55	527	803	803	803
Short-term borrowings	3.21	-	4,106	4,119	4,119	119
		55	6,600	7,519	7,519	3,519
TOTAL LIABILITIES		55	7,143	8,086	8,086	4,086
TOTAL EQUITY AND LIABILITIES		#	26,021	32,563	53,953	48,505
Number of ordinary shares of RM0.10 each ('000)						
		*	133,000	149,100	172,100	172,100
Net assets/(liabilities) ("NA/(NL)") (RM'000)						
		(55)	18,878	24,477	45,867	44,419
NA/(NL) per ordinary share (sen)						
		(275,000.0)	14.2	16.4	28.7	25.8

Note:-

- RM2

* - 20

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)
3.1 Proforma I

Proforma I incorporates the effects of the acquisition of the entire issued and paid-up share capital of CSM comprising 1,000,000 ordinary shares of RM1.00 each by CSHB for a total purchase consideration of RM13,299,998, satisfied by the issuance of 132,999,980 new CSHB Shares at par (hereinafter referred to as "Acquisition of CSM").

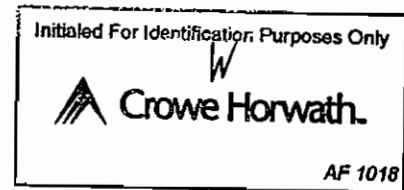
The results of CSM were consolidated using the merger method. Under the merger method, the difference between the acquisition cost and the nominal value of the share capital of the subsidiaries is accounted for as merger deficit. The effect of the consolidation gave rise to the following merger deficit:-

	RM'000
Cost of Investment	13,300
Share Capital of CSM at 31 July 2010	(1,000)
	<hr/>
Merger deficit	12,300
	<hr/>

3.2 Proforma II

Proforma II incorporates the effects of Proforma I and the effects of the acquisition of the entire equity interest in TMX of RM5,146,759 comprising 5,146,759 ordinary shares of RM1.00 each for a total purchase consideration of RM1,610,000 to be satisfied entirely by the issuance of 16,100,000 new CSHB Shares at par (hereinafter referred to as "Acquisition of TMX").

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)
3.3 Proforma II

The results of TMX were consolidated using the purchase method. Under the purchase method, the results of TMX are included from the date of acquisition. At the date of acquisition, the fair values of TMX's net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by CSHB in exchange for control of TMX, plus any costs directly attributable to the business combination. The effect of the consolidation gave rise to the following negative goodwill as follows:-

	RM'000
Cost of Investment	1,610
Net assets of TMX at 31 July 2010	(5,599)
<hr/>	
Excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs arising from acquisition of TMX*	(3,989)
<hr/>	

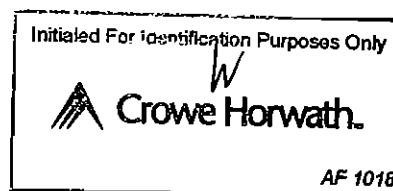
Note:-

* - *Excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs is recognised as income in profit or loss on initial recognition.*

3.4 Proforma III

Proforma III incorporates the effects of Proforma II and the Proposed Public Issue.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)
3.5 Proforma IV

Proforma IV incorporates the effects of Proforma III and the Proposed Utilisation of Proceeds. The proceeds will be utilised as follows:-

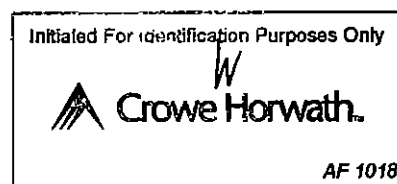
	RM'000	%
Research and development expenditure	6,000	28.05
Business expansion and capital expenditure	4,890	22.86
Working capital @	4,000	18.70
Repayment of bank borrowings	4,000	18.70
Estimated listing expenses **	2,500	11.69
	21,390	100.00

Note

@ - Included in cash and bank balances under current assets, pending utilisation.

** - The estimated listing expenses in issuing the 23,000,000 new CSHB Shares pursuant to the listing of CSHB on the Main Market of Bursa Malaysia Securities Berhad of approximately RM310,000 is to be written off against the share premium under Section 60 of the Companies Act 1965 in Malaysia. Included in the estimated listing expenses, is an amount of RM1,052,000 which has been expensed off in the financial period ended 31 July 2010. The remaining estimated listing expenses of approximately RM1,138,000 will be expensed off to the Statements of Comprehensive Income and this represents an one-off expenditure in conjunction with the listing exercise.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)

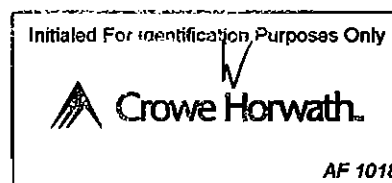

CENTURY SOFTWARE HOLDINGS BERHAD (“CSHB”) AND ITS SUBSIDIARIES (“CSHB GROUP”)
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)
3.6 PROPERTY AND EQUIPMENT

The details of property and equipment are illustrated below:-

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
At 31 July 2010	-	-	-
<u>Acquisition of CSM</u>			
Motor vehicles	768	(146)	622
Office equipment	769	(609)	160
Renovation	1,069	(454)	615
As per Proforma I	2,606	(1,209)	1,397
<u>Acquisition of TMX</u>			
Motor vehicles	89	(61)	28
Office equipment	704	(431)	273
Renovation	196	(129)	67
	989	(621)	368
As per Proforma II/III	3,595	(1,830)	1,765
Proposed Utilisation of Listing Proceeds	4,890	-	4,890
As per Proforma IV	8,485	(1,830)	6,655

The motor vehicles of CSHB Group were acquired under hire purchase terms.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)
3.7 DEVELOPMENT EXPENDITURE

	RM'000
At 31 July 2010	-
Acquisition of CSM	4,987
	4,987
As per Proforma I	4,987
Acquisition of TMX	4,698
	9,685
As per Proforma II/III	9,685
Proposed Utilisation of Listing Proceeds	6,000
	15,685
As per Proforma IV	15,685

Development expenditure represents all the direct expenditure incurred for the development of Century Government Financials, Century Financials version 8.0, Merchant Payment System, Payroll Payment System and e-Collection System.

A portion of the proceeds from the Proposed Public Issue amounting to RM6,000,000 is intended for research and development.

3.8 INVESTMENTS

A portion of the proceeds from the Proposed Public Issue amounting to RM4,890,000 is intended for future business expansion.

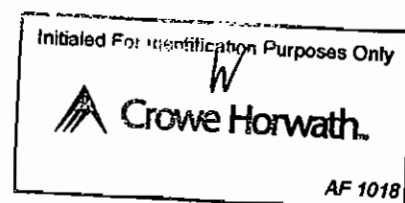
3.9 OTHER INVESTMENTS

	RM'000
At Cost:-	
Club memberships	100
Investment in unquoted shares	#
	100
As per Proforma I/II/III/IV	100

Note:-

- RM2

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)
3.10 TRADE RECEIVABLES

	RM'000
At 31 July 2010	-
Acquisition of CSM	14,489
	<hr/>
As per Proforma I	14,489
Acquisition of TMX	713
	<hr/>
As per Proforma II/III/IV	15,202
	<hr/>

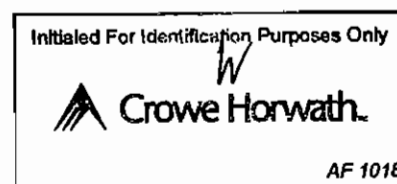
The Group's normal trade credit terms range from 30 to 45 days.

3.11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The details of the other receivables, deposits and prepayments are as follows:-

	RM'000
At 31 July 2010	-
<u>Acquisition of CSM</u>	
Other receivables	37
Deposits	296
Prepayments	4,214
	<hr/>
As per Proforma I	4,547
	<hr/>
<u>Acquisition of TMX</u>	
Other receivables	7
Deposits	69
Prepayments	172
	<hr/>
	248
	<hr/>
As per Proforma II/III/IV	4,795
	<hr/>

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)
3.12 FIXED DEPOSITS WITH A LICENSED BANK

	RM'000
At 31 July 2010	-
Acquisition of CSM	317
	<hr/>
As per Proforma I	317
Acquisition of TMX	136
	<hr/>
As per Proforma II/III/IV	453
	<hr/>

The fixed deposits have been pledged with a licensed bank to secure credit facilities granted to the CSHB Group.

The weighted average effective interest rate per annum of the fixed deposits at the balance sheet date was 2.05%. The fixed deposits have maturity periods ranging from 7 to 365 days.

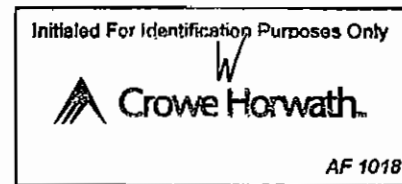
3.13 CASH AND BANK BALANCES

	RM'000
At 31 July 2010	#
Acquisition of CSM	91
	<hr/>
As per Proforma I	91
Acquisition of TMX	371
	<hr/>
As per Proforma II	462
Proceeds from Proposed Public Issue	21,390
	<hr/>
Proforma III	21,852
Proposed Utilisation of Listing Proceeds	(17,390)
Less: Listing expenses paid	1,052
	<hr/>
Net Utilisation of Listing Proceeds	(16,338)
	<hr/>
Proforma IV	5,514
	<hr/>

Note:-

- RM2

**7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)**



CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)

3.13 CASH AND BANK BALANCES (CONT'D)

The details of the proposed utilisation of proceeds are as follows:-

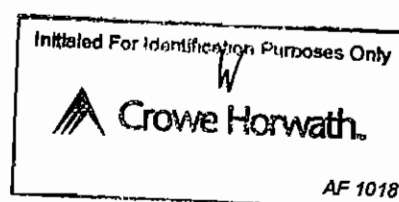
	RM'000
Research and development expenditure	6,000
Business expansion and capital expenditure	4,890
Repayment of bank borrowings	4,000
Estimated listing expenses	2,500
	17,390

3.14 SHARE CAPITAL

As at the date of this report, the authorised share capital of CSHB is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each.

The issued and paid-up share capital of CSHB as of the date of this report is RM14,910,000 comprising 149,100,000 ordinary shares of RM0.10 each.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)
3.14 SHARE CAPITAL (CONT'D)

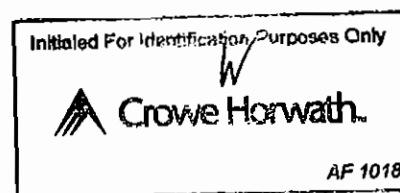
The movements in the issued and paid-up share capital of CSHB are as follows:-

	Number of Ordinary Shares '000	Amount of Share Capital RM'000
Ordinary shares of RM0.10 each At 31 July 2010	*	#
Ordinary shares issued pursuant to the acquisition of CSM	133,000	13,300
As per Proforma I	133,000	13,300
Ordinary shares issued pursuant to the acquisition of TMX	16,100	1,610
As per Proforma II	149,100	14,910
Public Issue	23,000	2,300
As per Proforma III/IV	172,100	17,210

Note:-

- * - 20 ordinary shares
- # - RM2

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)
3.15 RETAINED PROFITS

	RM'000
At 31 July 2010	(55)
Acquisition of CSM	17,933
As per Proforma I	17,878
Acquisition of TMX	3,989
As per Proforma II/III	21,867
Listing expenses charged to statements of comprehensive income	(1,138)
As per Proforma IV	20,729

3.16 SHARE PREMIUM

The movements in the share premium account are as follows:-

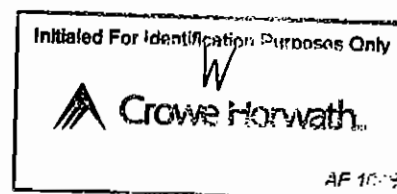
	RM'000
At 31 July 2010/As per Proforma I/II	-
Arising from Proposed Public Issue	19,090
As per Proforma III	19,090
Listing expenses	(310)
As per Proforma IV	18,780

The share premium is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 60(3) of the Companies Act, 1965.

3.17 MERGER DEFICIT

The merger deficit arose from the acquisition of CSM using the merger method of accounting.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)
3.18 LONG-TERM BORROWINGS

	RM'000
At 31 July 2010	-
Acquisition of CSM	543
As per Proforma I	543
Acquisition of TMX	24
As per Proforma II/III/IV	567

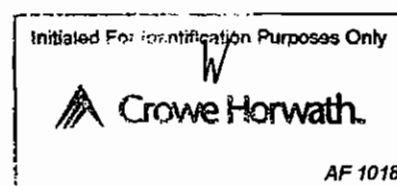
This relates to the non-current portion of the hire purchase payables. The details are set out in Note 3.23.

3.19 TRADE PAYABLES

	RM'000
At 31 July 2010	-
Acquisition of CSM	1,967
As per Proforma I	1,967
Acquisition of TMX	630
As per Proforma II/III/IV	2,597

The Group's normal trade credit terms range from 30 to 90 days.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)
3.20 OTHER PAYABLES AND ACCRUALS

The details of other payables and accruals are as follows:-

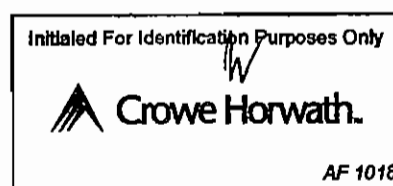
	RM'000
At 31 July 2010	55
<u>Acquisition of CSM</u>	
Other payables	109
Accruals	363
	<hr/>
As per Proforma I	527
<u>Acquisition of TMX</u>	
Other payables	11
Accruals, provisions and deferred revenue	265
	<hr/>
	276
	<hr/>
As per Proforma II/III/IV	803
	<hr/>

3.21 SHORT-TERM BORROWINGS

	RM'000
At 31 July 2010	-
<u>Acquisition of CSM</u>	
Bank overdraft	36
Hire purchase payable	70
Term loan	4,000
	<hr/>
As per Proforma I	4,106
<u>Acquisition of TMX</u>	
Hire purchase payable	13
	<hr/>
As per Proforma II/III	4,119
Repayment of term loan by the utilisation of listing proceeds	(4,000)
	<hr/>
As per Proforma IV	119
	<hr/>

The details of the current portion of the above hire purchase payable are set out in Note 3.23.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)



CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)

3.21 SHORT-TERM BORROWINGS (CONT'D)

The bank overdraft bore an effective interest rate of 6.30% per annum at the end of the reporting period and is secured by:-

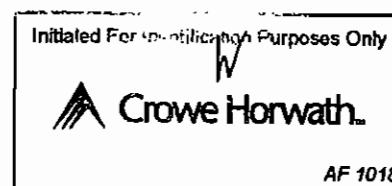
- (i) a lien over certain fixed deposits of CSM;
- (ii) a lien over the fixed deposit of CSM's holding company;
- (iii) a sinking fund in the form of fixed deposit based on contract payment up to a maximum of RM1,500,000;
- (iv) a deed of assignment of the benefits of all contracts to be financed by the licensed bank; and
- (v) a joint and several guarantee by the directors and key management personnel of CSM.

3.22 TERM LOAN

The term loan is for working capital purposes and is repayable on demand. The term loan bore an effective interest rate of 7.91% per annum at the end of the reporting period and is secured by:-

- (i) an irrevocable letter of undertaking by CSM for the proposed listing to assign proceeds from the proposed Initial Public Offering issue exercise;
- (ii) a debenture of RM4,000,000 incorporating fixed and floating charges over all the assets of CSM, both present and future;
- (iii) a joint and several guarantee of all the directors of CSM; and
- (iv) a memorandum of deposit executed by CSM's holding company in favour of the licensed bank.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)

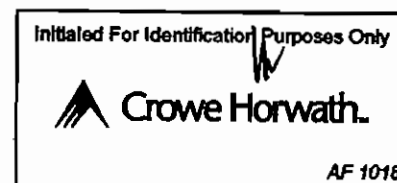

CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CSHB GROUP (CONT'D)
3.23 HIRE PURCHASE PAYABLES

The hire purchase payables are repayable as follows:-

	Note	RM'000
Minimum hire purchase payables:		
- not later than one year		126
- later than one year and not later than five years		466
- later than five years		266
		858
Future finance charges		(208)
		650
Current:		
- not later than one year	3.21	83
Non-current portion:		
- later than one year and not later than five years		361
- later than five years		206
	3.18	567
		650

The hire purchase payables bore effective interest rates ranging from 4.33% to 7.17% per annum at the end of the reporting period.

7 HISTORICAL PROFORMA FINANCIAL INFORMATION AND OTHER INFORMATION
(Cont'd)


CENTURY SOFTWARE HOLDINGS BERHAD ("CSHB") AND ITS SUBSIDIARIES ("CSHB GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)
4. PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOW OF CSHB GROUP

	FPE 31 July 2010 RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Profit before taxation	4,581
Adjustments for:-	
Amortisation of development expenditure	684
Depreciation of equipment	355
Interest expense	195
Interest income	(20)
	<hr/> 5,795
Working capital:-	
Decrease in trade and other receivables	(3,941)
Increase in trade and other payables	(236)
	<hr/> 1,618
CASH FROM OPERATIONS	1,618
Income tax paid	(6)
Interest paid	(195)
	<hr/> 1,417
NET CASH FROM OPERATIONS	1,417
<u>CASH FLOWS FOR INVESTING ACTIVITIES</u>	
Development expenditure	(1,945)
Purchase of equipment	(69)
Interest received	20
	<hr/> (1,994)
NET CASH FOR INVESTING ACTIVITIES	(1,994)
<u>CASH FLOWS FOR FINANCING ACTIVITIES</u>	
Dividends paid	(5,592)
Repayment of hire purchase obligations	(55)
	<hr/> (5,647)
NET CASH FOR FINANCING ACTIVITIES	(5,647)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,224)
CASH AND CASH EQUIVALENTS AT BEGINNING OF OF THE FINANCIAL PERIOD	7,103
	<hr/> 879
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	879
CASH AND CASH EQUIVALENTS COMPRISE:	
Fixed deposits with a licensed bank	453
Cash and bank balances	462
Bank overdraft	(36)
	<hr/> 879

Note:

The Proforma Consolidated Cash Flow Statements of CSHB Group have been prepared before taking into account the proceeds from the Proposed Public Issue and the Proposed Utilisation of proceeds from the Proposed Public Issue.