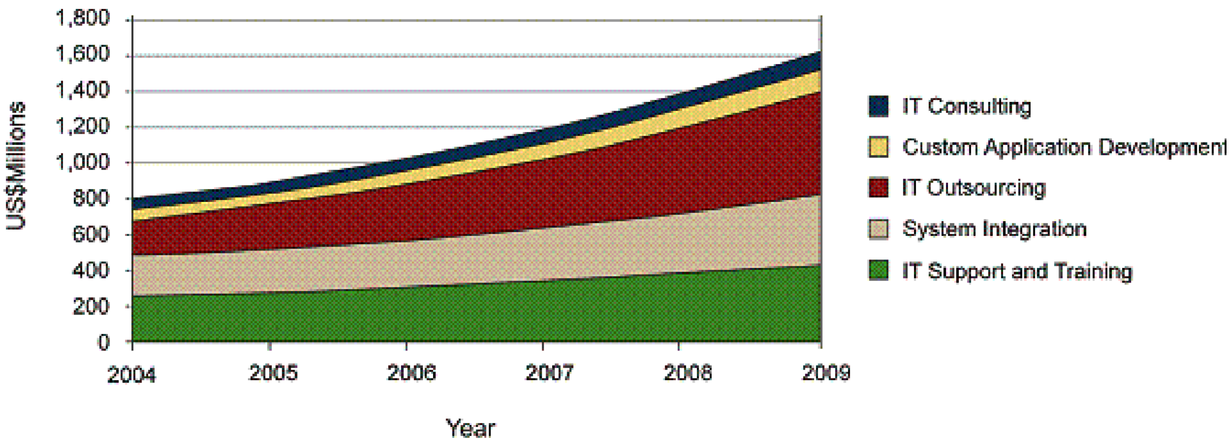
Information and Communication Technology (ICT) Report

The Malaysia IT services market was worth US$801.31 million in 2004 and reached about US$904.71 million in 2005. IDC forecasts this market will grow at a compound annual growth rate (CAGR) of 15% from 2004 to 2009.

New service models are emerging and service providers are focusing primarily on the fundamental growth drivers and changes.



The Association of Computer and Multimedia Industry of Malaysia, Pikom, has forecast that the information and communications technology (ICT) industry will grow about 12% in 2006 compared with 10% in 2005.

According to Digital Planet, a publication of the World IT and Services Alliance (WITSA), Malaysia's total ICT spending reached RM31.92 billion in 2005. Pikom is a member of WITSA.

The bulk of ICT spending was in the communications sector with RM21.66 billion in 2005, followed by hardware spending of about RM5.7 billion, software RM2.66 billion and IT Services RM1.9 billion.

Pikom chairman Lee Boon Kok said the association was bullish on the 2006 outlook. He said the economic indicators pointed to a higher overall growth for the national economy in 2006, auguring well for the ICT industry.

It is on this positive 'wave' and favourable ICT growth indicators that will enable Vital Education Technology Sdn Bhd to capitalize upon and reap the rewards of its business intent. The MSC status accreditation will definitely also help the company manage its resources and operations more effectively in such a bullish market projected for 2006 and beyond.

The Malaysian economy has remained resilient despite an external environment marked by heightened uncertainty and the impact of SARS on regional economies in the final part of the quarter. Real GDP growth of the Malaysian economy in the first quarter of 2003 was within expectations.

Economic activity expanded at an annual rate of 4% compared with 1.3% in the corresponding period last year. Expansion was positive in all sectors. 2. Growth in the first quarter was largely supported by domestic demand, underpinned by stronger public sector spending. Export performance remained strong in several sectors, reinforcing domestic demand. Expansion of monetary aggregates, especially M1, reflected the strong domestic demand. Further growth in bank lending and stronger expansion was seen in loans to small businesses.

A combination of accommodative monetary and fiscal policies, low inflation, a stable job market as well as higher commodity prices were factors supporting domestic demand during the quarter. Domestic demand was underpinned by higher public sector spending on emoluments, and supplies and services. Private consumption spending also showed a resilient trend, supported by extensive retailers' promotions sustained by growth of disposable income and positive consumer confidence. An important factor was the continued positive growth in gross fixed capital formation. Higher public sector investment was expended on education, health and infrastructure development. Forward-looking indicators such as MIER Business Conditions Index, consisting of orders and anticipated production, as well as high bank loan approval rates signaled that investment activities could improve as uncertainties abate.

Growth in the first quarter was marked by continued expansion across all sectors of the economy with the main impetus emanating from the manufacturing and services sectors. The manufacturing sector expanded by 5.2%, supported by stronger growth in the domestic-oriented industries and expansion in the export-oriented industries. This was reflected in the higher capacity utilisation rate in the sector of 82%. Export- and domestic-oriented industries operated at 83% and 80% respectively.

(Source: Adapted from Bank Negara Report)