

8. FINANCIAL INFORMATION

8.1 Proforma Consolidated Financial Information



Horwath AF No 1018
Kuala Lumpur Office
Chartered Accountants

Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

603.2166.0000 Main
603.2166.1000 Fax

www.horwath.com.my
info@horwathkl.com

7 July 2006

The Board of Directors
Technodex Bhd.
1-1 1st Floor Jalan 3/116 D
Kuchai Entrepreneurs' Park
58200 Kuala Lumpur

Dear Sirs

**TECHNODEX BHD. ("TECHNODEX")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2003 TO 2005 AND FINANCIAL PERIOD
FROM 1 JULY 2005 TO 31 JANUARY 2006**

We have reviewed the proforma consolidated financial information of TECHNODEx and its subsidiaries ("TECHNODEX Group") for the financial years ended 30 June 2003 to 2005 and the financial period from 1 July 2005 to 31 January 2006, 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) prepared for illustrative purposes for inclusion in the Prospectus of TECHNODEx to be dated on 31 July 2006.

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 TECHNODEx Group;
- (b) the financial statements used in the preparation of the proforma consolidated financial information were prepared in accordance with applicable approved accounting 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.

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang

8. FINANCIAL INFORMATION (CONT'D)



We understand that this letter will be used solely for the purpose stated above. 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

A handwritten signature in black ink, appearing to be "J. P. W.", written in a cursive style.

Horwath
Firm No : AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to be "Onn Kien Hoe", written in a cursive style.

Onn Kien Hoe
Approval No : 1772/11/06(J/PH)
Partner

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION**1. PROFORMA GROUP AND BASIS OF PREPARATION****1.1 Proforma Group**

The proforma consolidated financial information of our Group, comprising the financial information of Technodex Bhd. ("TECHNODEX"), Technodex Solutions Sdn. Bhd. ("Technodex Solutions") and Evodex Solutions Sdn. Bhd. ("Evodex Solutions"), are 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
TECHNODEX	- Financial period from 10 September 2003 (date of incorporation) to 30 June 2004 ("FPE 2004") - Financial year ended 30 June 2005 ("FYE 2005") - Financial period from 1 July 2005 to 31 January 2006 ("FPE 2006")
TechnoDex Solutions	- Financial year ended 30 June 2003 ("FYE 2003") - Financial year ended 30 June 2004 ("FYE 2004") - Financial year ended 30 June 2005 ("FYE 2005") - Financial period from 1 July 2005 to 31 January 2006 ("FPE 2006")
EvoDex Solutions	- Financial period from 11 August 2004 (date of incorporation) to 30 June 2005 ("FPE 2005") - Financial period from 1 July 2005 to 31 January 2006 ("FPE 2006")

The proforma consolidated financial information comprises the following:-

- Section 2 - Proforma Consolidated Income Statements for the Relevant Financial Period;
- Section 3 - Proforma Consolidated Balance Sheets as at 31 January 2006; and
- Section 4 - Proforma Consolidated Cash Flow Statements for the FPE 2006.

The above proforma financial information is based on the audited financial statements of TECHNODEX, Technodex Solutions and Evodex Solutions for the relevant financial period unless otherwise stated.

8. FINANCIAL INFORMATION (CONT'D)



TechnoDex Bhd
Registered Office
1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)

1.2 Listing Scheme

In conjunction with and as an integral part of our listing on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), we will undertake the following transactions which have been approved by the relevant authorities: -

- (a) public issue of 23,000,000 new ordinary shares of RM0.10 each in our Company at an issue price of RM0.40 per share ("Public Issue");
- (b) employees' shares option scheme to the eligible directors and employees of our Group of up to 10% of the enlarged issued and paid-up share capital of our Company ("ESOS"); and
- (c) listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the MESDAQ Market of the Bursa Securities ("Listing").

1.3 Basis of Preparation

The Proforma Consolidated Income Statements for the Relevant Financial Period have been prepared:

- (i) on the assumption that our Group had been in existence throughout the Relevant Financial Period; and
- (ii) based on the audited financial statements of TECHNODEx, Technodex Solutions and Evodex Solutions for the Relevant Financial Period unless otherwise stated.

The Proforma Consolidated Balance Sheets together with the accompanying notes thereto, have been prepared:

- (i) solely for illustrative purposes, to illustrate the effects of the listing scheme and the utilisation of the proceeds from the listing scheme as if these transactions had been completed as at 31 January 2006; and
- (ii) based on the audited consolidated financial statements of our Group at the last date of which the audited consolidated financial statements were made up to.

The proforma consolidated financial information have been prepared based on bases, accounting principles and policies consistent with those previously adopted in the preparation of the audited financial statements of our Group at 31 January 2006, and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

The financial statements used in the preparation of the proforma consolidated financial information were prepared in accordance with applicable approved accounting standards in Malaysia.

8. FINANCIAL INFORMATION (CONT'D)



TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE RELEVANT FINANCIAL PERIOD

	Financial Year Ended 30 June			Financial Period From	Financial Period From
	2003 ("FYE 2003") RM'000	2004 ("FYE 2004") RM'000	2005 ("FYE 2005") RM'000	1 July 2004 to 31 January 2005 ("FPE 2005") * RM'000 (Unaudited)	1 July 2005 to 31 January 2006 ("FPE 2006") RM'000
Revenue	591	2,134	3,068	1,539	3,669
Cost of sales	(255)	(643)	(664)	(444)	(178)
Gross profit ("GP")	336	1,491	2,404	1,095	3,491
Other operating income	-	4	22	23	43
	336	1,495	2,426	1,118	3,534
Administrative expenses	(282)	(398)	(877)	(582)	(839)
Selling and distribution expenses	(5)	-	(11)	(8)	(15)
Other operating expenses	(27)	(59)	(70)	(41)	(170)
Profit from operations	22	1,038	1,468	487	2,510
Finance costs	(7)	(26)	(32)	(21)	(14)
Profit before taxation ("PBT")	15	1,012	1,436	466	2,496
Amortisation	-	-	64	28	97
Depreciation	6	29	58	29	57
Interest expense	6	24	31	20	13
Interest income	-	(4)	(22)	(4)	(43)
Earnings before interest, depreciation, tax and amortisation	27	1,061	1,567	539	2,620
Amortisation	-	-	(64)	(28)	(97)
Depreciation	(6)	(29)	(58)	(29)	(57)
Interest expense	(6)	(24)	(31)	(20)	(13)
Interest income	-	4	22	4	43
PBT	15	1,012	1,436	466	2,496
Taxation	-	(1)	(4)	-	(10)
Profit after taxation ("PAT")	15	1,011	1,432	466	2,486

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**2. PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE RELEVANT FINANCIAL PERIOD (CONT'D)**

	FYE 2003	FYE 2004	FYE 2005	FPE 2005 *	FPE 2006
GP margin (%)	56.9	69.9	78.4	71.2	95.1
PBT margin (%)	2.5	47.4	46.8	30.3	68.0
PAT margin (%)	2.5	47.4	46.7	30.3	67.8
Effective tax rate (%)	-	0.1	0.3	N/A	0.4
Interest coverage (times)	3.5	43.2	47.3	24.3	193.0
Assumed weighted average number of ordinary shares of RM0.10 each in issue ('000)	2,711	11,521	24,362	19,591	57,000
Gross earnings per share ("EPS") (sen) ^	0.55	8.78	5.89	2.38	4.38
Net EPS (sen) ^	0.55	8.78	5.88	2.38	4.36
Net dividend rate (%)	N/A	N/A	N/A	N/A	N/A

Notes:-

* - The Proforma Consolidated Income Statements for the 7 months financial period ended 31 January 2005 are not audited and are included for comparison purposes only.

N/A - Not applicable.

^ - The gross and net EPS for the FPE 2006 calculated were not annualised.

- 2.1 The assumed weighted average number of ordinary shares in issue were computed on the assumption that the shares were at RM0.10 par value throughout the Relevant Financial Period before the Public Issue.
- 2.2 The proforma gross EPS is calculated by dividing the PBT by the assumed weighted average number of ordinary shares in issue after adjusting retrospectively for the share split to RM0.10 par value for the Relevant Financial Period.
- 2.3 The proforma net EPS is calculated by dividing the PAT by the assumed weighted average number of ordinary shares in issue after adjusting retrospectively for the share split to RM0.10 par value for the Relevant Financial Period.
- 2.4 Estimates for cost of sales were made to match the cost against the income recognised during the financial years/period. In the FYE 2005, a reversal was made for the over-accrual of cost of sales of RM251,000 in FYE 2003 and FYE 2004 due to the revision of costs estimated in the previous financial years as a result of the completion of the projects undertaken.

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**2. PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE RELEVANT FINANCIAL PERIOD (CONT'D)**

2.4 The effects of the revision which have been made retrospectively in the preparation of the proforma consolidated income statements on the results for the relevant financial years/period are as follows:-

	FYE 2003	FYE 2004	FYE 2005	FPE 2005 *
	RM'000	RM'000	RM'000	RM'000 (Unaudited)
<i>Income Statement</i>				
<i>Gross profit</i>				
As per audited/unaudited financial statements	300	1,276	2,404	1,095
Effect of revision	36	215	-	-
As per this report	336	1,491	2,404	1,095
<i>Profit before taxation</i>				
As per audited/unaudited financial statements	(21)	797	1,687	717
Effect of revision	36	215	(251)	(251)
As per this report	15	1,012	1,436	466
<i>Profit after taxation</i>				
As per audited/unaudited financial statements	(21)	796	1,683	717
Effect of revision	36	215	(251)	(251)
As per this report	15	1,011	1,432	466

Note:-

* - Not audited and is included for comparison purposes.

8. FINANCIAL INFORMATION (CONT'D)



TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS

As at 31 January 2006	Notes	Audited TECHNODEX Group RM'000	Proforma I After Share Split RM'000	Proforma II After Proforma I And Public Issue RM'000	Proforma III After Proforma II And ESOS RM'000
NON-CURRENT ASSETS					
Equipment	3.4	771	771	2,371	2,371
Development costs	3.5	1,214	1,214	1,214	1,214
Goodwill	3.6	1,559	1,559	1,559	1,559
		<u>3,544</u>	<u>3,544</u>	<u>5,144</u>	<u>5,144</u>
CURRENT ASSETS					
Inventories	3.7	9	9	9	9
Trade receivables	3.8	4,149	4,149	4,149	4,149
Other receivables, deposits and prepayments		551	551	551	551
Tax recoverable		5	5	5	5
Fixed deposits with a licensed bank	3.9	2,119	2,119	2,119	2,119
Cash and bank balances		30	30	6,130	9,330
Total current assets		<u>6,863</u>	<u>6,863</u>	<u>12,963</u>	<u>16,163</u>
CURRENT LIABILITIES					
Other payables and accruals		248	248	248	248
Provision for taxation		4	4	4	4
Hire purchase payables	3.10	35	35	35	35
Term loan	3.11	40	40	40	40
Bank overdraft	3.12	292	292	292	292
Total current liabilities		<u>619</u>	<u>619</u>	<u>619</u>	<u>619</u>
Net current assets		<u>6,244</u>	<u>6,244</u>	<u>12,344</u>	<u>15,544</u>
		<u>9,788</u>	<u>9,788</u>	<u>17,488</u>	<u>20,688</u>
Financed by:					
Share capital	3.13	5,700	5,700	8,000	8,800
Share premium	3.14	-	-	5,400	7,800
Retained profits		3,959	3,959	3,959	3,959
Shareholders' equity		<u>9,659</u>	<u>9,659</u>	<u>17,359</u>	<u>20,559</u>
NON-CURRENT LIABILITY					
Hire purchase payables	3.10	129	129	129	129
		<u>9,788</u>	<u>9,788</u>	<u>17,488</u>	<u>20,688</u>
Number of ordinary shares of RM1.00 each in issue ('000)					
		<u>5,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of ordinary shares of RM0.10 each in issue ('000)					
		<u>-</u>	<u>57,000</u>	<u>80,000</u>	<u>88,000</u>
Net Tangible Assets per ordinary share (RM)					
		<u>1.21</u>	<u>0.12</u>	<u>0.18</u>	<u>0.20</u>

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)****3.1 Proforma I**

Proforma I illustrates the effects of the share split of the ordinary shares in our Company from 1 ordinary share of RM1.00 each into 10 ordinary shares of RM0.10 each.

3.2 Proforma II

Proforma II illustrates the effects of the Public Issue and the utilisation of the proceeds from the Public Issue as follows:-

	RM'000
Capital expenditure	1,600
Research and development ("R&D")	3,300
Working capital	2,800
Listing expenses	1,500
	<u>9,200</u>

The Public Issue will give rise to a share premium of RM6,900,000. The estimated listing expenses of RM1,500,000 have been debited against the share premium account.

For the purpose of presentation in the proforma consolidated balance sheets, R&D and working capital have been included in cash and bank balances pending their utilisation.

3.3 Proforma III

Proforma III illustrates the effect after incorporating Proforma II and the full exercise of options to subscribe for 8,000,000 new ordinary shares of RM0.10 each in our Company, representing 10% of the issued and paid-up capital after Proforma II, to be granted under the ESOS. The total proceeds from the exercise of these options will be RM3,200,000 at the assumed exercise price of RM0.40 each for every share.

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)****3.4 Equipment**

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Furniture and fittings	69	(7)	62
Office equipment	57	(13)	44
Computer equipment	414	(54)	360
Motor vehicles	264	(57)	207
Renovation	122	(24)	98
As at 31 January 2006/ Proforma I	926	(155)	771
Proceeds to be utilised for capital expenditure	1,600	-	1,600
Per Proforma II/III	2,526	(155)	2,371

The motor vehicles were acquired under hire purchase terms.

A motor vehicle with a net book value of RM91,291 is held in trust for our Group by a director of our Group.

3.5 Development Costs

	RM'000
Development costs	1,375
Amortisation of development costs	(161)
	<u>1,214</u>

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)****3.6 Goodwill**

The goodwill arose from the acquisition of Technodex Solutions and Evodex Solutions.

3.7 Inventories**RM'000**

Consumables, at cost

9

None of the inventories is carried at net realisable value.

3.8 Trade Receivables

Included in the trade receivables is an amount of RM217,329 owing by companies in which a director has substantial financial interests. The amount was fully settled subsequent to the financial period end.

The foreign currency exposure profile of trade receivables is as follows:-

RM'000

Brunei Dollar

217

Our Group's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

3.9 Fixed Deposits With A Licensed Bank

Fixed deposits amounting to RM221,921 have been pledged to a licensed bank as security for banking facilities granted to our Group.

The effective interest rate of fixed deposits at the balance sheet date was 2.81% per annum. The fixed deposits have a maturity period of one to twelve months.

Fixed deposits amounting to RM430,160 are held in trust for our Group by certain directors of our Group.

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)****3.10 Hire Purchase Payables**

	RM'000
Minimum hire purchase payments:	
- not later than one year	43
- later than one year and not later than five years	150
	<hr/>
	193
Future finance charges	(29)
	<hr/>
Present value of hire purchase payables	164
	<hr/>
The net hire purchase payables are repayable as follows:	
Current:	
- not later than one year	35
Non-current	
- later than one year and not later than five years	129
	<hr/>
	164
	<hr/>

The hire purchase payables bore effective interest rates of between 5.56% to 6.15% per annum.

The hire purchase agreement with an outstanding payable of RM73,684 is contracted under the name of a director on behalf of our Group.

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)****3.11 Term Loan**

	RM'000
Current portion - repayable within one year	40

The term loan of our Group is subject to an effective interest rate of 8.25% per annum and is secured by way of:-

- (i) a pledge of fixed deposits of our Group;
- (ii) a corporate guarantee from one of our corporate shareholders; and
- (iii) a joint and several guarantee of the directors of our Group.

3.12 Bank Overdraft

The bank overdraft bore an effective interest rate of 8.25% per annum and is secured in the same manner as the term loan.

3.13 Share Capital

As at the date of this report, the authorised share capital of our Company is RM10,000,000 comprising 100,000,000 ordinary shares of RM0.10 each and the issued and paid-up share capital of our Company is RM5,700,000 comprising 57,000,000 ordinary shares of RM0.10 each.

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)****3.13 Share Capital (Cont'd)**

The movements in the issued and fully paid-up share capital of our Company are as follows:-

	Par value RM per share	Number of Ordinary Shares '000	RM'000
Audited as at 31 January 2006	1.00	5,700	5,700
Share Split	0.10	51,300	-
As per Proforma I	0.10	57,000	5,700
Public Issue	0.10	23,000	2,300
As per Proforma II	0.10	80,000	8,000
Full exercise of options granted under ESOS	0.10	8,000	800
As per Proforma III	0.10	88,000	8,800

3.14 Share Premium

The movements in the share premium of our Company are as follows:-

	RM'000
Audited as at 31 January 2006	-
Share premium arising from the Public Issue	6,900
Estimated listing expenses	(1,500)
As per Proforma II	5,400
Upon full exercise of the ESOS options	2,400
As per Proforma III	7,800

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**4. PROFORMA CONSOLIDATED CASH FLOW STATEMENTS**

The consolidated cash flow statements of our Group set out below is based on the audited consolidated financial statements of our Group for the financial period from 1 July 2005 to 31 January 2006.

NOTE	Financial Period from 1 July 2004 To 31 January 2005 * RM'000 (Unaudited)	Financial Period from 1 July 2005 To 31 January 2006 RM'000
Cash Flows From Operating Activities		
Profit before taxation	466	2,496
Adjustments for:-		
Amortisation of development costs	28	97
Bad debts written off	12	112
Depreciation of equipment	29	57
Interest expense	20	13
Interest income	(4)	(43)
Operating profit before working capital changes	551	2,732
Increase in inventories	-	(9)
Increase in trade and other receivables	(226)	(2,413)
Increase in trade and other payables	31	130
Cash flows from operations	356	440
Interest paid	(20)	(13)
Income tax paid	(2)	(2)
Net Cash From Operating Activities	334	425
Cash Flows For Investing Activities		
Development costs incurred	(95)	(849)
Purchase of equipment	(48)	(386)
Repayment to holding company	(330)	-
Interest received	4	43
Net Cash For Investing Activities	(469)	(1,192)
Cash Flows For Financing Activities		
Repayment of hire purchase obligations	(9)	(18)
Repayment of term loan	(7)	(29)
Net Cash For Financing Activities	(16)	(47)
Net Decrease In Cash And Cash Equivalents	(151)	(814)
Cash And Cash Equivalents At Beginning Of The Financial Period	#	2,671
Cash And Cash Equivalents At End Of The Financial Period	4.1 (151)	1,857

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**4. PROFORMA CONSOLIDATED CASH FLOW STATEMENTS (CONT'D)**

Notes:-

- * - The Proforma Consolidated Cash Flow Statements for the 7 months financial period ended 31 January 2005 are not audited and are included for comparison purposes only.
- # - Negligible, less than RM1,000.

4.1 Cash And Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	31.1.2005 * RM'000 (Unaudited)	31.1.2006 RM'000
Fixed deposits with a licensed bank	-	2,119
Cash and bank balances	-	30
Bank overdraft	(151)	(292)
	<u>(151)</u>	<u>1,857</u>

* - Not audited and is included for comparison purposes only.

8. FINANCIAL INFORMATION (CONT'D)



TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. Net Tangible Assets Per Ordinary Share

The net tangible assets backing of our Company upon the listing of our Company based on the proforma consolidated balance sheets as at 31 January 2006 as set out in Section 3 above is illustrated below:-

	RM'000
Audited as at 31 January 2006	6,886
Public issue	9,200
Estimated listing expenses	(1,500)
Per Proforma II	14,586

On the basis of the enlarged issued and paid-up share capital of 80,000,000 ordinary shares of RM0.10 each in our Company after the Public Issue, our Group's net tangible assets backing per ordinary share is RM0.18.

Approved and signed on behalf of the
Board of Directors

Director
Lee Siew Tat

Date: 07 JUL 2006

8. FINANCIAL INFORMATION (CONT'D)**8.2 Analysis Of And Commentaries On Proforma Consolidated Financial Information****8.2.1 Revenue**

	FYE 2003 (RM'000)	FYE 2004 (RM'000)	FYE 2005 (RM'000)	FPE 2005 (Unaudited) (RM'000)	FPE 2006 (RM'000)
<u>By Companies</u>					
TechnoDex	-	-	-	-	-
TechnoDex Solutions	591	2,134	2,969	1,530	3,668
EvoDex Solutions	-	-	99	9	1
	591	2,134	3,068	1,539	3,669
<u>By Products And Services</u>					
TechnoDex® Platform	*408	1,920	2,068	1,056	3,551
EduDex SM	152	67	457	260	-
EvoDex SM	-	-	306	74	1
TransDex SM	-	128	235	149	117
Other miscellaneous products	31	19	2	-	-
	591	2,134	3,068	1,539	3,669

* Revenue from sale of TechnoDex® Platform prior to its official commercialisation in July 2003.

8.2.2 Profit After Taxation

	FYE 2003 (RM'000)	FYE 2004 (RM'000)	FYE 2005 (RM'000)	FPE 2005 (Unaudited) (RM'000)	FPE 2006 (RM'000)
<u>By Companies</u>					
TechnoDex	-	(3)	(39)	(31)	(368)
TechnoDex Solutions	15	1,014	1,539	605	2,933
EvoDex Solutions	-	-	(68)	(108)	(79)
	15	1,011	1,432	466	2,486
<u>By Products And Services</u>					
TechnoDex® Platform	*73	945	1,056	269	2,433
EduDex SM	(57)	18	151	125	-
EvoDex SM	-	-	137	38	(19)
TransDex SM	-	51	91	34	72
Other miscellaneous products	(1)	(3)	(3)	-	-
	15	1,011	1,432	466	2,486

* Profit from sale of TechnoDex® Platform prior to its official commercialisation in July 2003.

[The rest of this page is intentionally left blank]

8. FINANCIAL INFORMATION (CONT'D)**8.2.3 Commentary Of Proforma Historical Consolidated Financial Information****FYE 2003**

In FYE 2003, we had strategized to concentrate on the development and commercialisation of our products. As a result, we had managed to commercialise TransDexSM Version 1.0 and EduDexSM Version 1.0 during the financial year, and TechnoDex® Platform Version 1.0 in July 2003. We had nonetheless managed to record a revenue of approximately RM591,000 during FYE 2003 (revenue for the six (6) months ended 30 June 2002 was approximately RM558,000; revenue since the incorporation of TechnoDex Solutions in February 2001 up to 31 December 2001 was approximately RM42,000). Being service-based, our revenue accrued for each project was largely dependent on the scale and complexity of each project.

We recorded a net profit of approximately RM15,000 as compared to approximately RM58,000 in the previous six (6) months ended 30 June 2002 due to the higher expenses for the 12 months. Our Group's proforma consolidated net result since the incorporation of TechnoDex Solutions in February 2001 up to 31 December 2001 was a loss of approximately RM42,000.

FYE 2004

Revenue increased substantially by approximately RM1.5 million or 261.1% in the FYE 2004. The increase in revenue was mainly due to the implementation of the contract secured from Commerce Dot Com Sdn Bhd for the e-Perolehan project. This higher revenue consequently translated into a higher net profit for the FYE 2004.

FYE 2005

Revenue increased by approximately RM934,000 or 43.8% in the FYE 2005. In FYE 2005, our Group introduced a new vertical application, EvoDexSM, and we further improved our TechnoDex® Platform and other vertical applications, which contributed to the increase in revenue for the year. Our Group recorded an increase in revenue from Commerce Dot Com Sdn Bhd and Yayasan Albukhary. Net profit for the FYE 2005 increased in tandem with the increase in revenue.

FPE 2006

On a period-to-period basis, revenue increased by approximately RM2.1 million or 138.4% in the FPE 2006 as we secured and executed projects with Ocean Bridge Sdn Bhd, an additional contract secured with Commerce Dot Com Sdn Bhd as well as a new project executed with HK Comp Software Standards (M) Sdn Bhd. Services for these customers principally relate to our TechnoDex® Platform. The increase in net profit for the FPE 2006 is in line with the increase in revenue.

Effective Tax Rate

Since FYE 2003, our tax liabilities were minimal, if any, as TechnoDex Solutions was granted the MSC Status on 6 November 2002, and was concurrently awarded the Pioneer Status. As such, income from TechnoDex Solutions' pioneer activities is exempted from tax for a period of five (5) years from the production date commencing 26 March 2003.

[The rest of this page is intentionally left blank]

8. FINANCIAL INFORMATION (CONT'D)

8.3 Declaration On Financial Performance

Leveraging on the competitive advantages of the TechnoDex® Platform, our Group's sales had increased significantly over the past few years. Our Board believes that this is mainly attributable to our TechnoDex® Platform's ability to fulfil customers' requirements. We expect TechnoDex® Platform to continue to be the most significant contributor to our revenue in the foreseeable future.

Our Directors also expect contribution to revenue from sales of ProcureDexSM in view of the Government's efforts to improve transparency in the procurement process. In this respect, we believe our co-operation with Commerce Dot Com Sdn Bhd as set out in section 4.7.4 to contribute positively to our financial performance.

Going forward, we expect to continue to offer our services for amounts based on the scale and complexity of the respective projects.

In tandem with the increasing trend in our sales, our Group had expanded our staff strength from 35 in the past year to the current 44. Despite the increase in operational costs, we expect to maintain reasonable profit margins by leveraging on the TechnoDex® Platform to reduce our development time.

Save as disclosed above and in sections 3.2, 4.5.6, 4.6, 4.7, 8.2, 8.5 and 8.6, our Directors declare that there are no known trends, demands, commitments, events or uncertainties that:-

- i) have had, or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations; and
- ii) would cause the historical financial statements to be not necessarily indicative of future financial information.

8.4 Liquidity And Capital Resources, And Material Litigation, Arbitration, Contingent Liabilities And Commitment For Capital Expenditure

8.4.1 Working Capital

Since incorporation, our Group have been predominantly financing working capital through equity funds and cash generated from our operations. Our Directors are of the opinion that, after taking into account the current cash flow position, the banking facilities available, our capacity to obtain further institutional financing based on our debt to equity ratio of 0.03 times (based on our proforma consolidated balance sheets as at 31 January 2006 after incorporation of effects of the IPO and the proposed utilization of listing proceeds), and the listing proceeds, we will have adequate working capital for a period of twelve (12) months from the date of issue of this Prospectus.

[The rest of this page is intentionally left blank]

8. FINANCIAL INFORMATION (CONT'D)**8.4.2 Cash Flows**

We set out below a summary of our Group's net cash flow summary for the FYE 2005 and the FPE 2006:-

	FYE 2005 (RM'000)	FPE 2006 (RM'000)
Net cash from operating activities	110	425
Net cash for investing activities	(388)	(1,192)
Net cash from/(for) financing activities	2,949	(47)
Net increase/(decrease) in cash and cash equivalents	2,671	(814)
Cash and cash equivalents at beginning of the financial year/period	*	2,671
Cash and cash equivalents at end of the financial year/period	2,671	1,857

Note:-

* RM42.00.

During the FYE 2005, there was a significant inflow of cash from financing activities arising from the issuance of new shares to Lee Siew Tat, our Promoter, and VF Capital, our substantial shareholder.

Net outflow for investing activities in FYE 2005 and FPE 2006 were principally due to outflow for development costs incurred.

8.4.3 Borrowings

As at 15 June 2006, our total outstanding borrowings, amounted to approximately RM397,000. All our outstanding borrowings are interest-bearing liabilities, and relate to borrowings from local financial institutions. The outstanding borrowings can be analysed further as follows:-

Type Of Borrowings	Outstanding Amount As At 15.6.2006 (RM'000)
Short-term	104
Long-term	293
	397

Save for term loans drawdown to finance our working capital and amounts due financial institutions for trade lines facilities incurred in the ordinary course of business, we have no other material borrowings.

Our Directors have confirmed that there has been no default on payments of either interest and/or principal sums in respect of any borrowing throughout the past one (1) FYE 2005 up to 15 June 2006. Our debt to equity ratio has been minimal; 0.03 times as at 30 June 2005, and 0.03 times based on our proforma consolidated balance sheets as at 31 January 2006 after incorporation of effects of the IPO and the proposed utilization of listing proceeds.

[The rest of this page is intentionally left blank]

8. FINANCIAL INFORMATION (CONT'D)**8.4.4 Material Litigation And Arbitration**

As at 15 June 2006, we were not engaged in any material litigation or arbitration, either as plaintiff or defendant, which has a material effect on our business or financial position, and our Directors have no knowledge of any proceeding pending or threatened against our Group, or of any fact likely to give rise to any proceeding, which might materially and adversely affect our overall business or financial position.

8.4.5 Material Contingent Liabilities

Our Directors declare that as at 15 June 2006, they are not aware of any material contingent liability which, upon becoming enforceable, may materially affect our profit or net asset value.

8.4.6 Material Commitment For Capital Expenditure

Save as disclosed below, as at 15 July 2006, we had no material commitment for capital expenditure.

Material Commitment For Capital Expenditure	RM	Source Of Funds
Acquisition of property (approved and contracted)	1,906,200	Bank borrowings

[The rest of this page is intentionally left blank]

8. FINANCIAL INFORMATION (CONT'D)

8.5 Consolidated Profit Estimate And Forecast



Horwath AF No 1018
Kuala Lumpur Office
Chartered Accountants

Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

603.2166.0000 Main
603.2166.1000 Fax

www.horwath.com.my
info@horwathkl.com

7 July 2006

The Board of Directors
Technodex Bhd.
1-1 1st Floor Jalan 3/116 D
Kuchai Entrepreneurs' Park
58200 Kuala Lumpur

Dear Sirs/Madam

**TECHNODEX BHD. ("TECHNODEX")
CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEARS
ENDING 30 JUNE 2006 AND 30 JUNE 2007**

We have reviewed the consolidated profit estimate and forecast of TECHNODEx and its subsidiaries ("TECHNODEX Group") for the financial years ending 30 June 2006 and 30 June 2007, as set out in the accompanying statement which we have initialed for the purpose of identification in accordance with International Standards on Auditing, AI 810 applicable to the review of estimates and forecasts. The estimate and forecast have been prepared solely for the inclusion in the Prospectus of TECHNODEx to be dated 31 July 2006, in connection with the public issue of 23,000,000 new ordinary shares of RM0.10 each in TECHNODEx at an issue price of RM0.40 per share ("Public Issue").

Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material respects, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by TECHNODEx Group in their audited financial statements for the financial period ended 31 January 2006. The Directors of TECHNODEx are solely responsible for the preparation and presentation of the profit estimate and forecast and the assumptions on which the profit estimate and forecast are based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang

8. FINANCIAL INFORMATION (CONT'D)



We draw your attention to Assumption 4 of the principal bases and assumptions relating to the consolidated profit forecast as set out in Section B of the accompanying statement to this letter. The Directors forecast a revenue of RM12.458 million for the financial year ending 30 June 2007 based on the Directors' expectation, after due and careful preparation and review, of securing of certain contracts tendered by the Group and their expected contribution to the Group's revenue for the said financial year. The forecast for the financial year ending 30 June 2007 is therefore dependent on the following:-

- (i) the Group's ability to secure the said contracts, or other contracts to achieve the forecast revenue; and
- (ii) the contracts will be completed within the financial year ending 30 June 2007.

Subject to the matters stated in the preceding paragraphs:

- (i) nothing has come to our attention which causes us to believe that the Directors' assumptions, as set out in the accompanying statements, which we have stamped for identification purposes, do not provide a reasonable basis for the preparation of the consolidated profit estimate and forecast; and
- (ii) in our opinion, the consolidated profit estimate and forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by TECHNODEx Group in their audited financial statements for the financial period ended 31 January 2006.

Yours faithfully

A handwritten signature in black ink, appearing to be "Onn Kien Hoe".

Horwath
Firm No : AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to be "Onn Kien Hoe".

Onn Kien Hoe
Approval No : 1772/11/06(J/PH)
Partner

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang • Prai

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

A. Consolidated Profit Estimate And Forecast For The Financial Years Ending 30 June 2006 And 30 June 2007

We estimate and forecast that, on the bases and assumptions set out below, the consolidated profit after taxation of our Group for the financial years ending 30 June 2006 and 30 June 2007 will be as follows:-

	Consolidated Profit Estimate 2006 RM'000	Consolidated Profit Forecast 2007 RM'000
Revenue	7,782	12,458
Consolidated profit before taxation ("PBT")	5,027	7,100
Taxation	(13)	(83)
Consolidated profit after taxation ("PAT")	5,014	7,017

Based on 80,000,000 ordinary shares, the enlarged number of ordinary shares in issue of RM0.10 each upon listing

Basic earnings per share ("EPS") (sen)	6.27	8.77
Price-earnings multiple ("PE Multiple") calculated based on the issue price of RM0.40 per share (times)	6.38	4.56

8. FINANCIAL INFORMATION (CONT'D)



TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

B. Principal Bases and Assumptions Relating To The Consolidated Profit Estimate And Forecast

1. There will be no significant changes in the principal activities and the corporate structure of our Group other than those stated in the listing scheme as detailed in Paragraph 30 below. The listing scheme is assumed to be implemented as planned and is assumed to be completed by the financial year ending 30 June 2007.
2. There will be no significant changes in the estimate and forecast selling prices or major changes in the expected market demand for our Group's products and services. Products and systems to be developed and/or enhanced from the existing systems by our Group will be commercially viable, and development and/or enhancement will be completed within the stipulated timeframe. With the continued enhancement, our Group's existing and future products and systems will not be obsolete.
3. The projects on hand will be completed according to the stipulated timeframe without any significant variation to the existing terms and conditions of the contracts.
4. Our Group will be able to meet the revenue forecast by:-
 - i) completing the remaining works for contracts secured; and
 - ii) securing contracts tendered for and/or other contracts of similar values.

For the financial year ending 30 June 2006, our estimate revenue will be achievable with revenue from secured contracts.

For the financial year ending 30 June 2007, we expect outstanding unbilled amount from secured contracts to contribute RM1.910 million to the forecast revenue.

Further, amongst others, our Group has also tendered for contracts with total potential contract amount of RM27.803 million. Of these contracts, we expect contracts with potential contract amount of RM9.746 million to be secured in the financial year ending 30 June 2007 and to contribute RM9.746 million to the forecast revenue. Approximately 84% of the forecast RM9.746 million revenue are expected to be derived from our existing customers.

We expect the other contracts tendered for to contribute the remaining revenue of RM0.802 million.

8. FINANCIAL INFORMATION (CONT'D)



TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

Principal Bases And Assumptions Relating To The Consolidated Profit Estimate And Forecast (Cont'd)

5. Our Group will be able to secure contracts tendered on the terms and conditions assumed by our Group after taking into consideration our historical track records, relationship with customers, response received from customers on the tender/proposal submitted, and technical ability of our Group.
6. There will be no significant changes in the forecast contract sum for contracts on hand and contracts to be secured. Such contracts will be completed within the financial year ending 30 June 2007. Our Group will seek and be able to secure other contracts of equivalent values in the event that any contract set out in Assumption 4 is not secured based on terms and conditions assumed by our Group or not executed in the financial year ending 30 June 2007.
7. The contracts secured will be completed according to the stipulated timeframe, which is usually within three (3) to six (6) months without any significant variation to the existing terms and conditions of the contracts, to contribute to the estimate/forecast revenue for the financial year ending 30 June 2006 and 2007.
8. The contracts secured are assumed to commence in the financial year 2007, and based on our Group's usual development cycle of three (3) to six (6) months, the contracts will be completed within the same year.
9. Our Group's penetration to overseas market will be successful.
10. Our Group will be able to achieve our estimate and forecast net profit margin of approximately 64% and 56% respectively, with our continuous effort to deliver products within the stipulated timeframes and to secure contracts with reasonable gross profit margins, and due monitoring of our cost of sales and expenses.
11. There will be no significant changes in the estimate and forecast administrative, selling and distribution, other operating and finance costs other than those provided.
12. There will be no significant changes in the purchase price of major hardware components, labour and other operating costs other than those provided. Any significant increase in the cost of sales will be compensated through an equivalent increase in selling prices.
13. Our Group will keep abreast with information technology and as such, any rapid changes in technology will not adversely affect the operations of our Group.
14. The planned development expenses and staff cost of the Research and Development ("R&D") department are assumed to be related to development activities and accordingly, capitalised as development costs in the period they are incurred. The economic benefits of the software products developed are expected to accrue over a period of 5 years. Accordingly, the capitalised development costs are amortised over a period of 5 years.

8. FINANCIAL INFORMATION (CONT'D)

TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

B. Principal Bases And Assumptions Relating To The Consolidated Profit Estimate And Forecast (Cont'd)

15. Capital expenditure will be incurred and implemented as scheduled and there will be no material acquisition or disposal of property, plant and equipment or investments other than those planned and incorporated in the estimate and forecast.
16. There will be no significant changes in the key management and operating structure of our Group.
17. There will be sufficient manpower and there will be no industrial disputes or disruption or any other abnormal factors which will adversely affect the operations of our Group.
18. Consistent with the level of bad and doubtful debts to-date, our Group will not experience any significant bad or doubtful debts, and the allowance for doubtful debts of approximately 1% of revenue will be adequate.
19. Inflation and foreign currency exchange rates will not fluctuate significantly from the present and forecast level. Exchange rates of foreign currencies will not fluctuate significantly from the prevailing rates.
20. There will not be any adverse changes to the Malaysian economy and those countries which our Group will expand into.
21. There will be no significant changes to the prevailing political and social conditions in Malaysia and in those countries wherein our Group will expand into that may have an adverse effect on the activities and performance of our Group.
22. There will be no significant changes in the present legislation or government regulations, direct or indirect taxes and duties, which will adversely affect the activities of our Group. The income tax rate in Malaysia will remain at 28% with no significant changes in the bases of taxation. For Evodex Solutions Sdn. Bhd., a subsidiary of our Group, a 20% tax rate will be taxed on its first RM 500,000 of chargeable income, and 28% tax rate for the subsequent chargeable income.
23. Technodex Solutions Sdn. Bhd. ("Technodex Solutions"), a subsidiary of our Group, will be able to maintain its Multimedia Super Corridor ("MSC") status which qualifies Technodex Solutions for the pioneer status incentive. Accordingly, no taxation has been provided for in arriving at the profit estimate and forecast of Technodex Solutions as it will enjoy full exemption from income tax on its statutory income for 5 years, commencing 26 March 2003.
24. Our Group will take the necessary steps to reduce litigation risk. There will be no major proceedings against our Group which will adversely affect the activities or performance of our Group or give rise to any contingent liabilities which will materially affect the financial position or the business of our Group.
25. There will be no significant changes in the accounting policies presently adopted by our Group.

8. FINANCIAL INFORMATION (CONT'D)



TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

B. Principal Bases And Assumptions Relating To The Consolidated Profit Estimate And Forecast (Cont'd)

26. Our Group will continue to enjoy the existing credit and financing facilities. Interest rates on the facilities will not vary significantly from the present level. Finance costs are expected to be minimal as our Group will have adequate working capital from equity funds and internally generated funds.
27. There will be no significant impairment loss on the carrying amounts of goodwill, development costs and equipment of our Group.
28. The estimated listing expenses of RM1.5 million to be incurred in respect of the listing scheme are to be charged against the share premium account for the financial year ending 30 June 2007, which is the period in which the listing scheme is expected to be completed.
29. The listing scheme would be approved by all relevant authorities and would be completed by the quarter ending 30 September 2006.
30. The details of the listing scheme to be undertaken in relation to our listing on the MESDAQ Market of the Bursa Malaysia Securities Berhad are as follows:-
 - (a) public issue of 23,000,000 new ordinary shares of RM0.10 each in our Company at an issue price of RM0.40 per share ("Public Issue");
 - (b) employees' share option scheme to the eligible directors and employees of our Group of up to 10% of the enlarged issued and paid-up share capital of our Company ("ESOS"); and
 - (c) listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the MESDAQ Market of the Bursa Malaysia Securities Berhad ("Listing").
31. The ESOS, as set out in Note 30, is assumed to be issued at RM0.40 per share. The Options have been valued at 20.41 sen per Option. However, the costs of the Options have not been accounted for in the forecast as we have resolved that Options will only be granted from the financial year ending 2008 onwards.

8. FINANCIAL INFORMATION (CONT'D)



TechnoDex Bhd

Registered Office

1-1, 1st Floor Jalan 3/116 D, Kuchai Entrepreneurs' Park
58200 Kuala Lumpur, Malaysia
T: 603 7983 1088 F: 603 7984 9612

B. Principal Bases And Assumptions Relating To The Consolidated Profit Estimate And Forecast (Cont'd)

32. The proceeds from the Public Issue will be received in financial year ending 2007 and utilised as follows:-

	RM'000	To be utilised within
Capital expenditure	1,600	2 years
Research and development expenditure	3,300	2 years
Working capital	2,800	2 years
Estimated listing expenses	1,500	1 year
	9,200	

Approved and signed on behalf of the Board of Directors

Director
Lee Siew Tat

Date: 07 JUL 2006

8. FINANCIAL INFORMATION (CONT'D)**8.6 Directors' Analysis And Commentary On The Consolidated Profit Estimate And Forecast**

After due and careful inquiry, our Directors confirm that they have reviewed the consolidated profit estimate and forecast for the FYE 2006 and 2007, and the underlying bases and assumptions as set out in section 8.5.

For the consolidated profit estimate for the FYE 2006, our Board is of the opinion that the assumptions made are reasonable, that the estimates are achievable based on our estimated revenues and expenses accrued up till 30 June 2006, and has confirmed that material variances to the estimates are not envisaged. Nonetheless, the final audited financial statements for the FYE 2006 may still differ from the estimates. At present, the latest audited financial statements relate to the FPE 2006. Hence, sensitivity analyses assuming variation in contract value and variation in cost of sales and costs of human resources are set out below.

As for the consolidated profit forecast for the FYE 2007, having taken into account of the following factors in light of the prospects of the ICT industry:-

- i) with approximately 15% forecast revenue expected to be contributed from four (4) outstanding contracts, and our confidence to generate the remaining forecast revenue from contracts which we reasonably expect to secure or other contracts that we will continuously pursue during the financial year;
 - ii) our undertaking of and commitment to our future plans and strategies; and
 - iii) our level of gearing, liquidity and working capital position;
- our Directors are of the opinion that the assumptions made are reasonable and the forecasts are achievable.

Inevitably, in line with the inherent uncertainties of forecasts, our Board is of the view that the main vulnerabilities, in so far as the achievement of the forecasts is concerned, are:-

- i) variation in forecast contract value; and
- ii) variation in forecast cost of sales and costs of human resources.

8.6.1 Sensitivity Analyses

We have set out below the sensitivity analyses of our consolidated profit estimate and forecast for the FYE 2006 and 2007 based on the assumptions set out in section 8.5, and on the assumption that all other things remain unchanged, save for firstly, variation in estimate/forecast contract value; and secondly, variation in estimate/forecast cost of sales and costs of human resources.

i) Consolidated Profit Estimate For The FYE 2006**Variation In Estimate Contract Value**

Variation In Estimate Contract Value	Revenue (RM'000)	Variation (%)	Net Profit (RM'000)	Variation (%)
As estimated	7,782		5,014	
Up 10%	8,560	10.0	5,792	16
Up 5%	8,171	5.0	5,403	8
Down 5%	7,393	(5.0)	4,625	(8)
Down 10%	7,004	(10.0)	4,236	(16)

[The rest of this page is intentionally left blank]

8. FINANCIAL INFORMATION (CONT'D)**Variation In Estimate Cost Of Sales And Costs Of Human Resources**

Variation In Estimate Cost Of Sales And Costs Of Human Resources	Net Profit (RM'000)	Variation (%)
As estimated	5,014	
Up 10%	4,777	(5)
Up 5%	4,895	(2)
Down 5%	5,133	2
Down 10%	5,251	5

ii) Consolidated Profit Forecast For The FYE 2007**Variation In Forecast Contract Value**

Variation In Forecast Contract Value	Revenue (RM'000)	Variation (%)	Net Profit (RM'000)	Variation (%)
As forecasted	12,458		7,017	
Up 10%	13,704	10.0	7,923	13
Up 5%	13,081	5.0	7,470	6
Down 5%	11,835	(5.0)	6,394	(9)
Down 10%	11,212	(10.0)	5,771	(18)

Variation In Forecast Cost Of Sales And Costs Of Human Resources

Variation In Forecast Cost Of Sales And Costs Of Human Resources	Net Profit (RM'000)	Variation (%)
As forecasted	7,017	
Up 10%	6,677	(5)
Up 5%	6,847	(2)
Down 5%	7,187	2
Down 10%	7,357	5

Due to the subjective judgments and inherent uncertainties of estimates and forecasts (with estimates and forecasts being representations of financial information based on a set of assumptions which are uncertain and hypothetical), and because events and circumstances frequently do not occur as predicted, actual results may significantly differ from the estimates and forecasts.

[The rest of this page is intentionally left blank]

8. FINANCIAL INFORMATION (CONT'D)**8.7 Dividend Forecast And Policy**

Our Company may declare interim dividends upon the recommendation by our Board and/or pay dividends upon approval by a majority of our shareholders at our annual general meeting. Subject to the prevailing laws and legislation, it is our Board's policy to recommend dividends to allow our shareholders to participate in our Group's profits after taking into account, amongst others, the following factors:-

- the availability of adequate distributable reserves and cash flows of our Company;
- the availability of sufficient exempt income and/or tax credits under Section 108 of the Malaysian Income Tax Act, 1967 to enable our Company to distribute dividends to our shareholders without incurring any tax liability; and
- our operating cash flow requirements, financing commitments and expansion plans.

For the FYE 2007, it is the present intention of our Board, subject to the foregoing factors, to propose and/or declare a tax exempt dividend of 10.0% to our shareholders. Based on the IPO Price, net dividend yield will be 2.5%.

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

You should note that the actual dividend proposed and declared may vary depending on our Group's financial performance and cashflows; there are possibilities that we may not declare the dividend if payment of the dividend would adversely affect our Group's cashflows and operations.

[The rest of this page is intentionally left blank]