
XII. ACCOUNTANTS' REPORT
(Prepared for inclusion in this Prospectus)



15 January, 2001

The Board of Directors
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Dear Sirs,

1. INTRODUCTION

This report has been prepared by an approved company auditor for inclusion in the Prospectus of Ingress Corporation Berhad (hereinafter referred as "ICB" or "the Company") to be dated 22 January, 2001, in connection with the public issue of 9,750,000 new ordinary shares of RM1.00 each and offer for sale of 2,262,000 existing ordinary shares of RM1.00 each at an issue / offer price of RM2.20 per share in ICB pursuant to the listing of and the quotation for the entire issued and fully paid-up shares of ICB on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE").

2. GENERAL INFORMATION

2.1 Background

ICB was incorporated on 9 August, 1999 under the Companies Act, 1965 as a private limited company in Malaysia, with an authorised and paid up share capital of RM1,000,000 and RM2; comprising 1,000,000 and 2 ordinary shares of RM1.00 each, respectively. The Company was converted into a public limited company on 2 March, 2000. The principal activity of the Company is that of investment holding.

Presently, ICB has an authorised and paid up share capital of RM100,000,000 and RM54,250,000 respectively comprising 100,000,000 and 54,250,000 ordinary shares of RM1.00 each.

The changes in the issued and paid up share capital of ICB is as a result of the restructuring scheme undertaken by the ICB Group as part of the listing of the entire paid up capital of ICB on the Second Board of the KLSE.

The ICB Group is principally engaged in the following activities:

- in provision of engineering services for the power and utility industry,
- providing management services, manufacturing and supplying of panel-based electrical equipment,

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- manufacturing and supplying of roll-formed plastic mouldings, weather-strips, metal automotive door frame and related components for automotive industry,
- carrying out engineering services in the field of computer-aided design and manufacture (CAD/CAM) of tools, jigs and dies, undertaking product development work for roll-formed plastic mouldings, weather-strips and metal door sash assemblies and related components,
- providing engineering solutions in industrial automation through design and fabrication,
- manufacturing and supplying of sub-systems or systems for the application in production and testing, complete door assemblies (door-in-white),
- manufacturing and assembly of medium to high tonnage pressed parts, provision of electrification works on transportation activities,
- transportation maintenance works, and;
- provision of engineering services for turbo machinery in the energy industry.

2.2 Floatation Scheme

As an integral part of the listing of and quotation for the entire issued and paid-up ordinary share capital of ICB on the Second Board of the KLSE, the Company had implemented a floatation scheme which was approved by the Foreign Investment Committee ("FIC"), Ministry of International Trade and Industry ("MITI") and Securities Commission ("SC") on 11 July, 2000, 25 July, 2000 and 6 October, 2000 respectively.

The floatation scheme involved the following:

- 1) The acquisition by ICB of:
 - (a) (i) 700,000 ordinary shares of RM1.00 each representing 10% of the total issued and paid-up share capital of Ingress Precision Sdn. Bhd. ("IPSB") from Katayama Kogyo Co Ltd for a purchase consideration of RM1,404,689 to be satisfied by the issuance of 1,400,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.00 per share
 - (ii) 420,000 ordinary shares of RM1.00 each representing 6% of the total issued and paid-up share capital of IPSB from Mitsubishi Corporation for a purchase consideration of RM842,813 to be satisfied by the issuance of 840,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.00 per share.
 - (iii) 5,180,000 ordinary shares of RM1.00 each representing 74% of the total issued and paid-up share capital of IPSB from Ingress Engineering Sdn. Bhd. ("IESB") for a purchase consideration of RM10,394,696 to be satisfied by way of inter-company account.
- (b) (i) 8,900,000 ordinary shares of RM1.00 each representing 44.5% of the total issued and paid up share capital of Ingress Technologies Sdn. Bhd. ("ITSB") from IESB for a consideration of RM9,962,478 to be satisfied by way of inter-company account.

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- (ii) 5,100,000 ordinary shares of RM1.00 each representing 25.5% of the total issued and paid up share capital of ITSB from Ramdawi Sdn. Bhd. ("RSB") for a cash consideration of RM5,708,836 to be satisfied by way of cash
 - (c) 1,000,000 ordinary shares of RM1.00 each representing 100% of the total issued and paid up share capital of Multi Discovery Sdn. Bhd. ("MDSB") from IESB for a purchase consideration of RM9,000,000 to be satisfied by way of inter-company account.
 - (d) 46,876,000* ordinary shares of RM1.00 each representing 100% of the total issued and paid-up share capital of IESB from all the existing shareholders as above for a purchase consideration of RM52,182,640 to be satisfied by the issuance of 52,009,998 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.00 per share.
- 2) Public issue of 9,750,000 new ordinary shares of RM1.00 each in ICB at an indicative issue price of RM2.20 per share as follows:
- (i) 6,500,000 new ordinary shares of RM1.00 each to the Malaysian public of which at least 30% is to be set aside for Bumiputra individuals, companies, societies, co-operatives and institutions; and
 - (ii) 3,250,000 new ordinary shares of RM1.00 each to be reserved for eligible employees and directors of ICB Group.

*After the conversion of 3,000,000 cumulative redeemable convertible preference shares of RM0.10 each of IESB held by Ekuiti Teroka (Malaysia) Sdn. Bhd. ("ETMSB") with 1,876,000 new ordinary shares of RM1.00 each in IESB at an issue price of RM1.264 per share.

**The acquisition of ICB was completed on 20 October, 2000.

2.3 The subsidiaries

The information on the subsidiaries, all of which are private limited companies, is as follows:

Multi Discovery Sdn. Bhd. ("MDSB")

MDSB was incorporated in Malaysia as a private limited company on 13 January, 1994. It is principally engaged in the provision of engineering services for the power and utility industry.

The authorised and paid up share capital of MDSB at the date of this report are both RM1,000,000 comprising 1,000,000 ordinary shares at RM1.00 each.

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The movement in authorised share capital of MDSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Incorporated on 13 January, 1994	500,000
Created on 2 August, 1995	500,000
	<u>1,000,000</u>

The movement in issued and paid-up capital of MDSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Subscribers' shares	2
Issued on 28 October, 1994 – cash	199,998
Issued on 15 September, 1995 – cash	300,000
Issued on 15 August, 1996 – cash	150,000
Issued on 31 October, 1996 – cash	350,000
	<u>1,000,000</u>

Ramusa Engineering Sdn. Bhd. ("RESB")

RESB was incorporated in Malaysia as a private limited company on 6 November, 1982 under the name of Ramusa Enterprise Sdn. Bhd., which was subsequently changed to Ramusa Engineering Sdn. Bhd. on 23 August, 1985.

RESB is principally engaged in the provision of electrical engineering services particularly for building, infrastructure and distribution network.

The authorised share capital of RESB as at the date of this report is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid up capital of RESB at the date of this report is RM500,002 comprising 500,002 ordinary shares of RM1.00 each.

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The movement in authorised share capital of RESB since the date of incorporation until 31 July, 2000 is as follows:

	<u>Number of ordinary shares of RM1.00 each</u>
Incorporated on 6 November, 1982	200,000
Created on 8 October, 1997	800,000
	<u>1,000,000</u>

The movement in issued and paid up capital of RESB since the date of incorporation until 31 July, 2000 is as follows:

	<u>Number of ordinary shares of RM1.00 each</u>
Subscribers' shares	2
Issued on 31 December, 1984 – cash	100,000
Issued on 8 October, 1997 – cash	400,000
	<u>500,002</u>

Matrix Power Services Sdn. Bhd. ("MPSSB")

MPSSB was incorporated in Malaysia as a private limited company on 5 December, 1994 under the name of Matrix Nominees (M) Sdn. Bhd., which was subsequently changed to Matrix Power Services Sdn. Bhd. on 11 April, 1997. It is principally engaged in the manufacturing and supplying of panel-based electrical equipment.

The authorised and paid up share capital of MPSSB at the date of this report are both RM500,000 comprising 500,000 ordinary shares at RM1.00 each.

The movement in authorised share capital of MPSSB since the date of incorporation until 31 July, 2000 is as follows:

	<u>Number of ordinary shares of RM1.00 each</u>
Incorporated on 6 November, 1982	100,000
Created on 1 October, 1997	400,000
	<u>500,000</u>

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The movement in issued and paid-up capital of MPSSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Subscribers' shares	2
Issued on 17 July, 1995 – cash	99,998
Issued on 1 October, 1997 – cash	400,000
	<hr/> <u>500,000</u>

XII. ACCOUNTANTS' REPORT (Cont'd)**Ingress Engineering Sdn. Bhd. ("IESB")**

IESB was incorporated in Malaysia on 7 May, 1991 as a private limited company under the name of Ingress Engineering Sdn. Bhd. It was then converted into a public company on 6 June, 1997 under the name of Ingress Engineering Berhad. However, on 13 September, 1998 it changed back to a private limited company under the initial name.

The principal activities of IESB are manufacturing and supplying of roll-formed plastic mouldings and weatherstrips for automotive industry and providing management services to its subsidiaries.

The authorised share capital of IESB as at the date of this report is RM50,400,000 comprising 50,000,000 ordinary shares of RM1.00 each and 4,000,000 cumulative redeemable convertible preference shares of RM0.10 each. The issued and paid up capital of IESB at the date of this report is RM45,300,000 comprising 45,000,000 ordinary shares of RM1.00 each and 3,000,000 cumulative redeemable convertible preference shares of RM0.10 each.

The movement in authorised share capital of IESB since the date of incorporation until 31 July, 2000 is as follows:

<u>Ordinary shares</u>	Number of Ordinary shares of <u>RM1.00 each</u>
Incorporated on 7 March, 1991	25,000
Created on 4 May, 1992	1,975,000
Created on 27 February 1993	3,000,000
Created on 17 August, 1994	5,000,000
Created on 30 July, 1996	10,000,000
Created on 27 January, 1997	30,000,000
	<u>50,000,000</u>
	<u>50,000,000</u>
<u>Preference shares</u>	Number of Preference shares of <u>RM0.10 each</u>
Created on 20 September, 1995	4,000,000
	<u>4,000,000</u>
	<u>4,000,000</u>

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The movement in issued and paid up capital of IESB since the date of incorporation until 31 July, 2000 is as follows:

<u>Ordinary shares</u>	Number of Ordinary shares of RM1.00 each
Subscribers' shares	2
Issued on 4 May, 1992 – cash	999,998
Issued on 25 February, 1993 – cash	50,000
Issued on 1 March, 1993 – cash	450,000
Issued on 15 March, 1993 – cash	500,000
Issued on 2 July, 1993 – cash	2,000,000
Issued on 17 August, 1994 – cash	3,000,000
Issued on 30 July, 1996 – bonus issue	7,000,000
Issued on 27 January, 1997 – bonus issue	7,000,000
Issued on 5 November, 1998 – cash	15,000,000
Issued on 9 July, 1999 – share swap in relation to the acquisition of MDSB	9,000,000
	<u>45,000,000</u>
	Number of Preference shares of RM0.10 each
Issued on 5 October, 1995 – cash	4,000,000
Redeemed on 18 June, 1996 – cash	(1,000,000)
	<u>3,000,000</u>

Ingress Precision Sdn. Bhd. ("IPSB")

IPSB was incorporated in Malaysia as a private limited company on 5 January, 1994 under the name Privileged Discovery Sdn. Bhd., which was subsequently changed to Ingress Precision Sdn. Bhd. on 21 July, 1994.

IPSB is principally engaged in the manufacturing and supplying of roll-formed metal automotive door frame and related components.

The authorised share capital of IPSB as at the date of this report is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each. The issued and paid up capital of IPSB at the date of this report is RM7,000,000 comprising 7,000,000 ordinary shares of RM1.00 each.

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The movement in authorised share capital of IPSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Incorporated on 5 January, 1994	1,000,000
Created on 14 June, 1994	9,000,000
	<u>10,000,000</u>

The movement in issued and paid up capital of IPSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Subscribers' shares	2
Issued on 15 August, 1994 – cash	1,999,998
Issued on 31 January, 1995 – cash	5,000,000
	<u>7,000,000</u>

Ingress Research Sdn. Bhd. ("IRSB")

IRSB was incorporated in Malaysia as a private limited company on 16 May, 1996. IRSB is principally engaged to carry out development activity of products, production tooling and to provide engineering services primarily to the automotive industry.

The authorised share capital of IRSB since the date of incorporation until the date of this report is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid up capital of IRSB at the date of this report is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

The movement in issued and paid up capital of IRSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Subscribers' shares	3
Issued on 15 July, 1996 – cash	250,000
Issued on 22 October, 1996 – cash	249,997
	<u>500,000</u>

XII. ACCOUNTANTS' REPORT (Cont'd)**Talent Synergy Sdn. Bhd. ("TSSB")**

TSSB was incorporated in Malaysia as a private limited company on 13 July, 1995. It is principally engaged in providing engineering solutions in industrial automation through design, fabrication, manufacture and supply of sub-systems or systems for the applications in production and testing.

The authorised and paid up share capital of TSSB at the date of this report are both RM500,000 comprising 500,000 ordinary shares at RM1.00 each.

The movement in authorised share capital of TSSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Incorporated on 13 July, 1995	100,000
Created on 22 September, 1995	400,000
	<u>500,000</u>

The movement in issued and paid-up capital of TSSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Subscribers' shares	2
Issued on 22 September, 1995 – cash	100,000
Issued on 27 January, 1997 – cash	399,998
	<u>500,000</u>

Ingress Autoventures Co., Ltd ("IAV")

IAV was incorporated in Thailand as a private limited company on 17 September, 1996. It is principally engaged in the manufacturing and supplying of both roll-formed plastic mouldings, weatherstrips and roll-formed metal automotive door sash and related components.

The authorised share capital of IAV as at the date of this report is Baht100,000,000 comprising 1,000,000 common shares of Baht100 each. The issued and paid up capital of IAV at the date of this report is Baht100,000,000 comprising 1,000,000 common shares of Baht100 each.

XII. ACCOUNTANTS' REPORT (Cont'd)

The movement in authorised share capital of IAV since the date of incorporation until 31 July, 2000 is as follows:

	Number of common shares of Baht100 each
Incorporated on 17 September, 1996	1,000,000
Reduced on July, 1997	(300,000)
Created on 12 November, 1998	300,000
	<u>1,000,000</u>

The movement in issued and paid-up capital of IAV since the date of incorporation until 31 July, 2000 is as follows:

	Number of common shares of Baht100 each
Subscribers' shares	250,000
Issued on 23 July, 1997 – cash	450,000
Issued on 31 January, 1999 – cash	100,000
Issued on 18 August, 1999 – cash	200,000
	<u>1,000,000</u>

Ingress Technologies Sdn. Bhd. (“ITSB”)

ITSB was incorporated in Malaysia as a private limited company on 6 March, 1992 under the name of Layar Kiara Sdn. Bhd., which was subsequently changed to Ingress Technologies Sdn. Bhd. on 5 September, 1997.

ITSB is principally engaged in the manufacturing and supplying of complete door assemblies (door-in-white) and manufacturing and assembly of medium to high tonnage pressed parts.

The authorised share capital of ITSB as at the date of this report is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each. The issued and paid up capital of ITSB at the date of this report is RM20,000,000 comprising 20,000,000 ordinary shares of RM1.00 each.

The movement in authorised share capital of ITSB since the date of incorporation until 31 July, 2000 is as follows:

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	Number of ordinary shares of <u>RM1.00 each</u>
Incorporated on 6 March, 1992	25,000
Created on 12 September, 1994	24,975,000
	<u>25,000,000</u>

The movement in issued and paid up capital of ITSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of <u>RM1.00 each</u>
Subscribers' shares	2
Issued on 30 June, 1993 – cash	24,998
Issued on 16 June, 1998 – cash	10,000,000
Issued on 18 November, 1998 – cash	5,000,000
Issued on 6 August, 1999 – cash	1,500,000
Issued on 10 September, 1999 – cash	1,500,000
Issued on 6 October, 1999 – cash	1,975,000
	<u>20,000,000</u>

Techmalink Sdn. Bhd. ("TSB")

TSB was incorporated in Malaysia as a private limited company on 13 March, 1997. It has not commenced operations since the date of incorporation.

The authorised and paid up share capital of TSB since the date of incorporation until the date of this report are RM100,000 and RM2; comprising 100,000 and 2 ordinary shares of RM1.00 each, respectively.

Magmapeak Sdn. Bhd. ("MSB")

MSB was incorporated in Malaysia as a private limited company on 20 March, 1997. It has not commenced operations since the date of incorporation.

The authorised and paid up share capital of MSB since the date of incorporation until the date of this report are RM100,000 and RM2; comprising 100,000 and 2 ordinary shares of RM1.00 each, respectively.

2.4 The associated companies

The information on the associated companies, all of which are private limited companies incorporated in Malaysia, are as follows:

XII. ACCOUNTANTS' REPORT (Cont'd)**Daimlerchrysler Rail System (KL) Sdn. Bhd. ("DRSSB")**

DRSSB was incorporated on 13 September, 1995 under the name of Crest Frontier Sdn. Bhd., which was subsequently changed to ABB Daimler-Benz Transportation Sdn. Bhd. on 22 November, 1995. Subsequently on 24 September, 1996 it was changed to ABB Daimler-Benz Transportation (KL) Sdn. Bhd. and to its current name, Daimlerchrysler Rail System (KL) Sdn. Bhd. on 24 June, 1999. ICB has an equity interest of 49% in DRSSB through MDSB.

DRSSB is principally engaged in the provision of electrification works on transportation activities and transportation maintenance works.

The authorised share capital of DRSSB as at the date of this report is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each. The issued and paid up capital of DRSSB at the date of this report is RM750,000 comprising 750,000 ordinary shares of RM1.00 each.

The movement in authorised share capital of DRSSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Incorporated on 13 September, 1995	100,000
Created on 16 May, 1996	9,900,000
	<u>10,000,000</u>

The movement in issued and paid-up capital of DRSSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Subscribers' shares	2
Issued on 16 May, 1996 – cash	499,998
Issued on 29 December, 1997 – cash	250,000
	<u>750,000</u>

Sapura Power Services Sdn. Bhd. ("SPSSB")

SPSSB was incorporated on 22 December, 1995 under the name of Inovatif Nikmat Sdn. Bhd., which was subsequently changed to Sapura Power Services Sdn. Bhd. on 5 February, 1998. ICB has an equity interest of 40% in SPSSB through MDSB.

SPSSB is principally engaged in the provision of engineering services for turbo machinery in the energy industry.

The authorised and paid up share capital of SPSSB at the date of this report are both RM250,000 comprising 250,000 ordinary shares at RM1.00 each.

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The movement in authorised share capital of SPSSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Incorporated on 22 December, 1995	100,000
Created on 31 March, 1999	150,000
	<u>250,000</u>

The movement in issued and paid-up capital of SPSSB since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Subscribers' shares	2
Issued on 23 February, 1998 – cash	99,998
Issued on 31 March, 1999 – cash	150,000
	<u>250,000</u>

Sapura Ingress Ventures Sdn. Bhd. ("SIV")

SIV was incorporated on 9 July, 1996 under the name of Histaglobe Sdn. Bhd, which was subsequently changed to Sapura Ingress Ventures Sdn. Bhd. on 19 October, 1996. SIV is initially intended to provide management services. However, it remains dormant to date.

The authorised share capital of SIV since the date of incorporation until the date of this report is RM100,000 comprising 100,000 ordinary shares at RM1.00 each. The issued and fully paid up capital as at the date of this report is also RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

The movement in issued and fully paid up capital of SIV since the date of incorporation until 31 July, 2000 is as follows:

	Number of ordinary shares of RM1.00 each
Subscribers' shares	2
Issued on 19 September, 1996 – cash	49,998
Issued on 19 May, 1997 – cash	50,000
	<u>100,000</u>

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3. AUDITORS

We were appointed as the auditors of IESB, IPSB, IRSB, TSSB, TSB, MSB, SPSSB and SIV since the financial year/period ended 31 January, 1997. Our appointment as the auditors of ITSB took effect in the financial year ended 31 March, 1997. All the said accounts were reported on by us without any qualification. The accounts of IESB, IPSB and ITSB during the period under review, prior to our appointment as the auditors were audited by another firm of public accountants and their reports were not subject to any qualification.

We were also appointed as the auditors of MDSB, RESB and MPSSB for the financial year ended 31 January, 2000 and the accounts were reported on by us without any qualification. The accounts of MDSB, RESB and MPSSB during the period under review, prior to our appointment as the auditors were audited by another firm of public accountants and their reports under review were not subject to any qualification.

The accounts of IAV were audited by an affiliate of Arthur Andersen, Malaysia and their reports were not subject to any qualification.

The accounts of DRSSB were audited by another firm of public accountants and their reports were not subject to any qualification.

We are also the auditors of ICB since its date of incorporation on 9 August, 1999 and the accounts for the financial period ended 31 January, 2000 were reported on by us without any qualification.

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4.1 We set out below the proforma consolidated financial results of ICB and its subsidiaries ("the Group") for the past five (5) financial years ended 31 January, 1996 to 2000 (except for companies which have been incorporated for less than five years) and for the six months ended 31 July, 2000. The proforma consolidated results are provided for illustrative purposes only, assuming that ICB had acquired the said subsidiaries and associated companies prior to 1996.

	← Financial year ended 31 January →					Six month period ended
	1996 RM '000	1997 RM '000	1998 RM '000	1999 RM '000	2000 RM '000	31.7.2000 RM '000
Turnover	21,593	50,578	72,904	83,502	115,554	80,263
Profit before depreciation, interest and taxation	7,340	19,091	28,454	24,506	34,779	27,679
Operating expenses	(3,374)	(6,915)	(8,886)	(12,367)	(14,738)	(15,750)
Interest expense	(2,254)	(4,040)	(4,553)	(5,350)	(5,334)	(4,722)
Depreciation	(365)	(859)	(1,296)	(1,537)	(1,964)	(1,149)
Profit from operations	1,347	7,277	13,719	5,252	12,743	6,058
Share of net profits from associated companies	27	93	131	2,478	2,254	954
Profit before taxation	1,374	7,370	13,850	7,730	14,997	7,012
Taxation	(18)	(335)	(1,755)	(61)	(2,787)	(2,024)
Profit after taxation but before minority interests	1,356	7,035	12,095	7,669	12,210	4,988
Minority interests	196	(643)	120	(325)	(223)	(1,500)
Profit after taxation and minority interests	1,552	6,392	12,215	7,344	11,987	3,488
(Accumulated loss) / retained profits brought forward	(1,054)	459	4,498	13,804	21,062	32,963
	498	6,851	16,713	21,148	33,049	36,451
Transfer to Capital Redemption Reserve	-	(100)	-	-	-	-
Capitalisation for bonus issue	-	(2,113)	-	-	-	-
Profit available for distribution	498	4,638	16,713	21,148	33,049	36,451
Dividends	(39)	(140)	(2,909)	(86)	(86)	(43)
Retained profits carried forward	459	4,498	13,804	21,062	32,963	36,408

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Number of ordinary shares assumed in issue ('000)	54,250	54,250	54,250	54,250	54,250	54,250
Gross EPS (RM)	0.03	0.14	0.26	0.14	0.28	0.13
Net EPS (RM)	0.03	0.13	0.22	0.14	0.23	0.09

The above proforma consolidated financial results have been prepared based on the audited accounts after making such adjustments as we considered appropriate for the respective financial years.

Notes to the summary of proforma consolidated results:

- (i) *The Group's proforma consolidated financial results comprise the audited accounts of the Company and its subsidiaries, MDSB, RESB, MPPSB IESB, IPSB, IRSB, TSSB, IAV, ITSB, TSB, MSB, and its associate companies, DRSSB, SPSSB AND SIV, after making relevant adjustments as we considered appropriate for the respective years. The proforma consolidated results have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the individual companies*
- (ii) *Increase in turnover and profit before taxation by approximately RM32 million and RM7.2 million respectively from 1999 to 2000 was mainly due to the series of measures undertaken by the government, which includes the adoption of an expansionary fiscal policy and easing of monetary policy. As a result, the automotive industry has rebounded positively which is reflected in the increase in the sales of passenger cars by 105.9% during the first eight months in 1999 (Source: Economic Report 1999/2000).*
- (iii) *The effective tax rate was lower as compared to the statutory tax rate of 28% because two subsidiaries of the Group enjoy pioneer status which exempts their business income from taxation.*
- (iv) *Included in the operating expenses for the period ended 31 July, 2000 is an exceptional item relating to the devaluation of land and building amounting to RM6.8 million*
- (v) *The net EPS has been calculated based on the net consolidated profit after taxation and minority interests and number of ordinary shares assumed to be in issue of 54.25 million ICB's shares after the acquisitions of ITSB, IPSB, MDSB and IESB for each year/period under review.*
- (vi) *There were no extraordinary items during the period under review.*

4.1.1 We set out below the summary results of the individual companies of the Group to be read in conjunction with the notes thereon.

4.2.0 ICB

The Company did not earn any income or incur any expenditure during the financial period from 9 August, 1999 (date of incorporation) to 31 January, 2000 and the six months financial period ended 31 July, 2000 except expenditure deferred as preliminary and pre-operating expenses in the balance sheet.

XII. ACCOUNTANTS' REPORT (Cont'd)**4.2.1 MDSB**

	← Financial year ended 31 January →					Six month period ended
	<u>1996</u> RM '000	<u>1997</u> RM '000	<u>1998</u> RM '000	<u>1999</u> RM '000	<u>2000</u> RM '000	<u>31.7.2000</u> RM '000
Turnover	1,906	10,880	25,909	47,295	39,923	17,884
Profit before depreciation, interest and taxation	232	1,493	3,711	14,708	8,700	20,811
Operating expenses	(301)	(898)	(2,403)	(2,974)	(2,579)	(16,796)
Interest expense	(24)	(47)	(46)	(59)	(14)	(188)
Depreciation	(82)	(137)	(200)	(252)	(294)	(134)
(Loss)/Profit before taxation	(175)	411	1,062	11,423	5,813	3,693
Taxation	-	(122)	(305)	-	(1,732)	(1,076)
Net (loss)/profit for the period/year	(175)	289	757	11,423	4,081	2,617
(Accumulated loss)/retained profits brought forward	-	(175)	114	871	12,294	16,375
(Accumulated loss)/retained profits carried forward	(175)	114	871	12,294	16,375	18,992
Weighted average number of ordinary shares ('000)	312	656	1,000	1,000	1,000	1,000
Gross (LPS)/EPS (RM)	(0.56)	0.63	1.06	11.4	5.81	3.69
Net (LPS)/EPS (RM)	(0.56)	0.44	0.76	11.4	4.08	2.62

Notes:

- (i) *The increase in turnover and profit before tax for the financial year ended 31 January, 1999 was mainly due to most of its major projects such as Subang Town – KL East, Switch gear transmission and Southern Area were in full swing during the year. These projects were completed during the year.*
- (ii) *The effective tax rates were consistent during the financial years/period under review.*
- (iii) *There were no extraordinary or exceptional items during the financial years/period under review.*

XII. ACCOUNTANTS' REPORT (Cont'd)**4.2.2 RESB**

	Year ended	1.1.1996 to	← Financial year ended 31 January →			Six month period ended
	<u>31.12.1995</u>	<u>31.1.1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>31.7.2000</u>
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Turnover	1,790	2,368	4,345	14,064	4,046	4,563
Profit/(loss) before depreciation, interest and taxation	388	(67)	758	1,387	726	496
Operating expenses	(296)	(265)	(615)	(720)	(731)	(416)
Interest expense	(13)	(12)	(9)	(11)	(30)	(33)
Depreciation	(22)	(29)	(29)	(58)	(55)	(26)
Profit/ (loss) before tax	57	(373)	105	598	(90)	21
Taxation	(18)	-	-	(36)	-	(7)
Net profit/(loss) for the period/year	39	(373)	105	562	(90)	14
(Accumulated losses)/retained profits brought forward	(21)	18	(355)	(250)	312	222
Retained profits/ (accumulated losses) carried forward	18	(355)	(250)	312	222	236
Weighted average number of ordinary shares ('000)	100	100	233	500	500	500
Gross EPS / (LPS) (RM)	0.56	(3.73)	0.45	1.20	(0.18)	0.04
Net EPS / (LPS) (RM)	0.38	(3.73)	0.45	1.12	(0.18)	0.03

Notes:

- (i) *The significant increase in turnover and profit before taxation for the year ended 31 January, 1999 was mainly due to the major projects secured, namely UIA 11kV, DBKL project and MPSJ project.*
- (ii) *The effective tax rate for the financial year ended 31 December, 1995 was higher than the standard rate for taxation applicable, principally due to certain expenses being disallowed for taxation purposes. The taxation expense of RM36,000 in 1999 was in respect of under-provision of taxation in previous years.*
- (iii) *There were no extraordinary items during the period under review.*

XII. ACCOUNTANTS' REPORT (Cont'd)**4.2.3 MPSSB**

	← Financial year ended 31 January →				Six month period ended
	1997 RM '000	1998 RM '000	1999 RM '000	2000 RM '000	31.7.2000 RM '000
Turnover	2,148	531	1,845	2,862	2,796
Profit before depreciation, interest and taxation	380	326	457	703	614
Operating expenses	(145)	(217)	(306)	(395)	(174)
Interest expense	(5)	(5)	(10)	(22)	(7)
Depreciation	(15)	(21)	(45)	(48)	(21)
Profit before taxation	215	83	96	238	412
Taxation	(74)	(22)	-	(66)	(114)
Net profit for the year/period	141	61	96	172	298
Retained profits brought forward	-	141	202	298	470
Retained profits carried forward	141	202	298	470	768
Weighted average number of ordinary shares ('000)	100	233	500	500	500
Gross EPS (RM)	2.15	0.36	0.19	0.47	0.83
Net EPS (RM)	1.41	0.26	0.19	0.34	0.60

Notes:

- (i) *The significant increase in turnover and profit before taxation for the year ended 31 January, 2000 was mainly contributed by Olak Lampit project which were in full swing during the year.*
- (ii) *The effective tax rate for the financial year ended 31 January, 1997 was higher than the standard rate for taxation applicable, principally due to certain expenses being disallowed for taxation purposes.*
- (iii) *There were no extraordinary items during the period under review.*

XII. ACCOUNTANTS' REPORT (Cont'd)**4.2.4 IESB**

	← Financial year ended 31 January →					Six month period
	1996 RM '000	1997 RM '000	1998 RM '000	1999 RM '000	2000 RM '000	31.7.2000 RM '000
Turnover	13,032	16,921	19,265	6,513	16,651	10,397
Profit before depreciation, interest and taxation	6,280	10,023	14,710	4,123	10,725	6,665
Operating expenses	(1,622)	(2,843)	(3,291)	(4,655)	(3,941)	(8,111)
Interest expense	(2,177)	(2,788)	(2,993)	(2,121)	(1,343)	(501)
Depreciation	(209)	(592)	(919)	(1,012)	(977)	(1,101)
Profit/(loss) before taxation	2,272	3,800	7,507	(3,665)	4,464	(3,048)
Taxation	-	(115)	(1,008)	-	(646)	(515)
Net profit/ (loss) for the year/period	2,272	3,685	6,499	(3,665)	3,818	(3,563)
Retained profits brought forward	202	2,435	3,767	8,063	4,312	8,043
	2,474	6,120	10,266	4,393	8,130	4,480
Transfer to Capital Redemption Reserve	-	(100)	-	-	-	-
Transfer to reserves/bonus issue	-	(2,113)	-	-	-	-
	2,474	3,907	10,266	4,398	8,130	4,480
Dividends	(39)	(140)	(2,203)	(86)	(86)	(43)
Retained profits carried forward	2,435	3,767	8,063	4,312	8,043	4,437
Weighted average number of ordinary shares ('000)	7,000	11,083	21,000	24,750	41,250	45,000
Gross EPS/(LPS) (RM)	0.32	0.34	0.36	(0.15)	0.11	(0.07)
Net EPS/(LPS) (RM)	0.32	0.33	0.31	(0.15)	0.09	(0.08)

XII. ACCOUNTANTS' REPORT (Cont'd)

Notes:

- (i) *The significant decrease in turnover and gross profit for the financial year ended 31 January, 1999 was due to the economic and financial crisis faced by the Malaysian economy which had badly affected the automobile and auto equipment sub-sector.*
- (ii) *The effective rate of taxation is less than the statutory rate because IESB enjoys pioneer status which exempts their business income from taxation for a period of five years commencing 1 September, 1994.*
- (iii) *Included in the operating expenses is an exceptional item for the period ended 31 July, 2000 which relates to the devaluation of land and buildings net of revaluation reserve amounting to RM6.8 million.*
- (iv) *There were no extraordinary items during the financial years/ period under review.*