

## XI. FINANCIAL INFORMATION

### 1. HISTORICAL FINANCIAL INFORMATION

The following sets out a summary of the proforma consolidated audited results of the Ingress Group for the five (5) financial years ended 31 January 2000 and the six (6) month period ended 31 July 2000, prepared on the assumption that the current Group structure was in existence throughout the years/period under review. The audited consolidated profit and dividend records are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section XII of this Prospectus.

	<-----Year ended 31 January----->					6-month period ended
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	31.07.2000 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 expenses	(2,254)	(4,040)	(4,553)	(5,350)	(5,334)	(4,722)
Depreciation	(365)	(859)	(1,296)	(1,537)	(1,964)	(1,149)
	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
Number of ordinary shares assumed in issue <sup>(1)</sup> ('000)	54,250	54,250	54,250	54,250	54,250	54,250
Gross EPS (sen)	2.5	13.6	25.5	14.3	27.6	25.9 <sup>(3)</sup>
Net EPS (sen)	2.9	11.8	22.5	13.5	22.1	12.9 <sup>(3)</sup>
Fully diluted gross EPS <sup>(2)</sup> (sen)	2.1	11.5	21.6	12.1	23.4	21.9 <sup>(3)</sup>
Fully diluted net EPS <sup>(2)</sup> (sen)	2.4	10.0	19.1	11.5	18.7	10.9 <sup>(3)</sup>

*Notes:*

(1) Based on the enlarged issued and paid-up share capital of Ingress of RM54,250,000 comprising 54,250,000 ordinary shares of RM1.00 each after the Acquisitions and Buyback but before the Public Issue.

(2) Based on the enlarged issued and paid-up share capital of RM64,000,000 comprising 64,000,000 shares of RM1.00 each after the Public Issue.

(3) Annualised.

**XI. FINANCIAL INFORMATION (Cont'd)**

- (4) For the year 1999, although there was an increase in turnover resulting from the contribution of the Engineering Division, profits dropped due to losses suffered by the Automotive Division resulting from the impact of the regional economic crisis.
- (5) Significant improvement in turnover and profits was recorded in 2000, which was in line with the improving economic condition which has directly benefited the automotive sector of the economy.
- (6) There are no exceptional and extraordinary items for the years/period under review.

**1.1 Segmental Analysis of Turnover and Operating Profits**

The segmental analysis of turnover and operating profits of the Ingress Group by individual subsidiary companies as well as by Divisions is as follows:

**(a) Analysis of Turnover by Subsidiaries and Divisions**

	← Financial year ended 31 January →				
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
<b>TURNOVER</b>					
<b>IESB</b>	13,032	16,921	19,265	6,513	16,651
<b>IPSB</b>	4,769	17,559	21,372	7,093	25,284
<b>IAV</b>	-	-	-	3,690	12,084
<b>TSSB</b>	96	702	1,530	563	1,340
<b>IRSB</b>	-	-	-	281	816
<b>ITSB</b>	-	-	-	-	25,410
<b>Consolidation Adjustments</b>	-	-	(49)	(1,417)	(9,480)
<b><i>Turnover - Automotive Division</i></b>	17,897	35,182	42,118	16,723	72,105
<b>MDSB</b>	1,906	10,880	25,909	47,295	39,923
<b>MPSSB</b>	-	2,148	531	1,845	2,862
<b>RESB</b>	1,790	2,368	4,346	14,064	4,046
<b>Consolidation Adjustments</b>	-	-	-	3,575	(3,382)
<b><i>Turnover - Engineering Division</i></b>	3,696	15,396	30,786	66,779	43,449
<b>TOTAL GROUP'S TURNOVER</b>	21,593	50,578	72,904	83,502	115,554

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

**XI. FINANCIAL INFORMATION (Cont'd)****(b) Analysis of Operating Profits by Subsidiaries and Divisions**

	← Financial year ended 31 January →				
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
<b>OPERATING PROFITS</b>					
IESB	2,272	3,801	7,508	(3,665)	4,464
IPSB	(825)	3,091	5,252	(2,983)	4,108
IAV	-	-	-	675	(1,773)
TSSB	(101)	(58)	276	(180)	(134)
IRSB	-	-	-	(344)	(604)
ITSB	-	-	-	-	1,068
Consolidation Adjustments	(120)	189	(566)	153	(252)
<b>Operating Profits - Automotive Division</b>	1,466	7,023	12,470	(6,344)	6,877
MDSB	(175)	411	1,062	11,424	5,813
MPSSB	-	215	83	96	238
RESB	56	(372)	104	598	(90)
Consolidation Adjustments	-	-	-	(522)	(95)
<b>Operating Profits - Engineering Division</b>	(119)	254	1,249	11,596	5,866
<b>TOTAL GROUP'S OPERATING PROFITS</b>	1,347	7,277	13,719	5,252	12,743

For the analysis of turnover and operating profits by market and geographical location, based on the above two tables, the figures for IAV represent the turnover and operating profits for the overseas operations whilst the balance are for the local operations of the Group.

The overview of the revenue and profits, including taxation, exceptional and extraordinary items (if any) for the five financial years ended 31 January 2000 and the six (6)-month period ended 31 July 2000 is given in the Accountants Report in Section XII of this Prospectus

**1.2 Directors' Declaration on Financial Performance**

As at 15 January 2001, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Group are not affected by any of the following:

- (i) known trends, demands, commitments, events of uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Group;

---

**XI. FINANCIAL INFORMATION (Cont'd)**


---

- (ii) material commitment for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the Ingress Group; and
- (iv) known, events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

**1.3 Working Capital, Borrowing and Contingent Liabilities**
**(i) Working Capital**

The Directors are of the opinion that, after taking into account the cashflow forecast and projections and the banking facilities available, the Ingress Group will have adequate working capital for its present and foreseeable requirements.

**(ii) Borrowings**

As at 15 January 2001 (being the latest practicable date prior to the printing of this Prospectus), the Ingress Group has total bank borrowings amounting to approximately RM113.0 million comprising bank overdrafts, trust receipts, bankers' acceptances, trade financing, finance leases and term loans. The breakdown of the borrowings are given below:

	<b>RM'000</b>
<b><i>Long Term Borrowings</i></b>	
Term Loan	65,069
Lease and Al-Ijarah Lease Creditors	253
Hire Purchase	2,404
	<u>67,726</u>
<b><i>Short-Term Borrowings</i></b>	
Overdraft	7,517
Revolving Credit	14,660
Trade Facilities	<u>23,076</u>
	<u>45,253</u>
	<u><u>112,979</u></u>

**(iii) Material Commitment**

Saved as disclosed below, as at 15 January 2001 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus) there are no other material commitments for capital expenditure incurred or known to be incurred by Ingress Group may have a substantial impact on the results or the financial position of the Group.

	<b>Group Amount RM'000</b>	<b>Company Amount RM'000</b>
Approved and contracted for	2,352	-
Approved but not contracted for	34,194	-

---

**XI. FINANCIAL INFORMATION (Cont'd)**

---

**(iv) Contingent Liabilities**

As at 15 January 2001 (being the last practicable date prior to the printing of this Prospectus), the total guarantee given to financial institution for facilities granted to Ingress' subsidiary companies amounted to RM58.6 million.

**1.4 Material Litigation**

As at 15 January 2001, being the latest practicable date prior to the printing of this Prospectus, the Company and/or its subsidiary and associated companies are presently not engaged in any litigation whether as plaintiff or defendant which has a material affect on the financial position of the Group and, the Directors do not know of any proceedings whether pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Ingress Group.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

**XI. FINANCIAL INFORMATION (Cont'd)****2. FUTURE FINANCIAL INFORMATION****2.1 Consolidated Profit Estimate and Forecast with the Notes Relating Thereto**

The Directors of Ingress forecast that, barring unforeseen circumstances, the estimated and forecast financial performance of the Group for the two (2) financial years ending 31 January 2002 will be as follows:

<b>Financial Years Ending 31 January</b>	<b>Estimate 2001 RM'000</b>	<b>Forecast 2002 RM'000</b>
Turnover	197,107	227,196
Consolidated profit before tax and minority interest	29,969	39,573
Taxation	(5,301)	(8,275)
Consolidated profit after tax	24,668	31,298
Minority interests	(4,862)	(5,257)
Consolidated after tax and minority interests	19,806	26,041
Weighted average number of shares in issue ('000)	54,250 <sup>(1)</sup>	64,000
Number of enlarged shares in issue ('000)	64,000	64,000
Gross EPS (sen) <sup>(2)</sup>	55.2	61.8
Net EPS (sen) <sup>(2)</sup>	36.5	40.7
Fully diluted gross EPS (sen) <sup>(3)</sup>	46.8	61.8
Fully diluted net EPS (sen) <sup>(3)</sup>	31.0	40.7
Gross price earnings multiple (times) <sup>(4)</sup>	4.0	3.6
Net price earnings multiple (times) <sup>(4)</sup>	6.0	5.4
Gross price earnings multiple (times) <sup>(5)</sup>	4.7	3.6
Net price earnings multiple (times) <sup>(5)</sup>	7.1	5.4

*Notes:*

- (1) *Weighted number of ordinary shares in issue of 54,250,000 ordinary shares of RM1.00 each was calculated after taking into account that the Proposed Acquisitions were completed on 20 October 2000. Nevertheless, the Acquisitions were deemed to have been implemented on 1 February 2000. It was also assumed that the Public Issue will be completed on 31 January 2001.*
- (2) *Based on the weighted average number of shares in issue.*
- (3) *Based on the enlarged issued and paid-up share capital of RM64,000,000 comprising 64,000,000 ordinary shares of RM1.00 each after the Public Issue.*
- (4) *Calculated based on the gross and net EPS based on the weighted average number of shares in issue.*
- (5) *Calculated based on the fully-diluted gross and net EPS.*

---

**XI. FINANCIAL INFORMATION**

---

**INGRESS CORPORATION BERHAD AND ITS SUBSIDIARIES  
ASSUMPTIONS ON PROFORMA CONSOLIDATED PROFIT ESTIMATE AND  
FORECAST**

The Directors estimate and forecast that, barring any unforeseen circumstances, the proforma consolidated profits after taxation and minority interests of ICB and the Group for the years ending 31 January, 2001 and 2002 will be RM19,806,000 and RM26,041,000 respectively.

The principal assumptions upon which the consolidated profit estimate and forecast have been prepared are as follows:

1. There will be no material changes in the structure and present activities of the Group.
2. There will be no significant changes or further deterioration to the prevailing national and international economic and political climate which will adversely affect the activities or performance of the Group and business of its major customers and suppliers.
3. There will be no significant changes in the structure of direct and indirect taxation which would adversely affect the Group's activities or the markets in which it operates. The income tax rate will remain at 28%.
4. There will be no significant changes in the present legislation and Government regulations, bases of duties and levies affecting the activities of the Group or the market in which it operates.
5. The Government will not introduce and implement significant cautious and austerity economic measures that will adversely affect, whether directly or indirectly, the local automotive industry and power engineering industry.
6. The Group's major customers, Tenaga Nasional Berhad ("TNB"), Perusahaan Otomobil Nasional Berhad ("Proton"), Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua"), AutoAlliance (Thailand) Co., Ltd. and Mitsubishi Sittipol Co., Ltd. will uphold the existing supply agreements respectively throughout the relevant period and will continue to be major customers.
7. All specified and prospective customers identified in the estimate and forecast will be secured and production will commence in accordance with existing proposed production plan.
8. There will be no major production and market disruptions to Proton, Perodua and other customers of the Group which will adversely affect the demand for the Group's products and services.

---

**XI. FINANCIAL INFORMATION (Cont'd)**

---

9. There will be no delays in planning and obtaining the necessary approvals in respect of the projects to be undertaken by the Group. The progress of the various stages of construction will be as planned.
10. There will be sufficient manpower and there will be no major breakdown or disruption in manufacturing facilities, disruption in supplies of construction materials, industrial disputes, exceptional losses or other abnormal factors, both domestic and overseas, which will adversely affect the operations of the Group.
11. There will be no material increase in wages, cost of raw materials, construction materials and other costs that will adversely affect the activities and operations of the Group.
12. There will be no material acquisitions or disposals of fixed assets and capital expenditure other than those taken into consideration in the forecasts and there will be no major delays or variations in the implementation of approved capital expenditure program of the Group as planned.
13. Certain cost-cutting measures announced by the management will be implemented and where necessary, approved by the relevant customers, as planned.
14. There is stability in inflation rate and no further significant fluctuations in the rates of exchange in major trading currencies vis-a-vis the Ringgit Malaysia from the present level.
15. The demand for and selling prices of the goods and services produced by the Group will be in line with the forecast levels.
16. The Group will continue to maintain the current level of gross profit margins on its products and services.
17. There will be no significant changes in operational, accounting and management policies from those presently adopted by the Group.
18. Existing financing facilities of the Group will remain available at the prevailing interest rates. Expected financing facilities will be obtained at the agreed interest rates. Other than the existing and expected financing facilities, the Group will be able to obtain additional facilities whenever required at interest rates approximating those currently available.
19. There will be no major changes in the existing key personnel and management of the Group that will adversely affect the operational and marketing capability of the Group.
20. The net proceeds from the public issue of approximately RM19,950,000 (net of listing expenses) is expected to be received by January 2001 and will be utilised to reduce borrowings for capital expenditure and for working capital purposes. The listing expenses payable out of listing proceeds is estimated to be approximately RM1.5 million.



**XI. FINANCIAL INFORMATION (Cont'd)**

**2.2 Auditors' Letter on Consolidated Profit Estimate and Forecast**  
(Prepared for inclusion in this Prospectus)



**ARTHUR ANDERSEN**

15 January, 2001

The Board of Directors  
INGRESS CORPORATION BERHAD  
Lot 11, Jalan Jasmine 4  
Kawasan Perindustrian Bukit Beruntung  
TST 29  
48009 Rawang  
Selangor Darul Ehsan

**Arthur Andersen & Co**  
Public Accountants

Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
P O Box 11040  
50734 Kuala Lumpur

Tel 603 2577000  
Fax 603 2555332 (Main)  
603 2559076 (Div)  
603 2559078

Gentlemen,

**PROFORMA CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE YEARS ENDING 31 JANUARY, 2001 AND 2002**

We have reviewed the accounting policies and calculations for the proforma consolidated profit estimate and forecast for the years ending 31 January, 2001 and 2002 of INGRESS CORPORATION BERHAD ("ICB") and its subsidiaries (the "Group"), for which the Directors are solely responsible, as set out in the Appendix, in connection with the Public Issue of 9,750,000 new ordinary shares of RM1.00 each at an issue price of RM2.20 per ordinary share and offer for sale of 2,262,000 existing ordinary shares of RM1.00 each at an offer price of RM2.20 per ordinary share and the listing and quotation of the entire enlarged issued and paid up share capital of the Company comprising 64,000,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit estimate and forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the Appendix, and is prepared on a basis consistent with the accounting policies normally adopted by the companies within the Group.

Yours faithfully

ARTHUR ANDERSEN & CO.  
No. AF 0103  
Public Accountants

NIK RAHMAT KAMARUZAMAN BIN NIK AB. RAHMAN  
No. 1759/02/02(J)  
Partner of the Firm