
XI. FINANCIAL INFORMATION (Cont'd)

2.3 Directors' Analysis on the Profit Estimate and Forecast

The Flotation is estimated not to have any effect on the financial performance of the Group for the financial year ending 31 January 2001, as it is only expected to be completed around January 2001. The Group is estimating a consolidated turnover of about of RM197.1 million or 70.5% increase from the RM115.6 million turnover for the financial year ended 31 January 2000. This is mainly due to the contribution of the Automotive Division in Malaysia from the better than expected demand for the *Waja* cars from Proton (estimated to be more than 18,000 units for the year 2000), the first full year of operations for ITSB as well as the commencement of supply of bellows by IAV in Thailand.

The Group is estimated to achieve consolidated PAT after MI of approximately RM19.8 million, after taking into account an exceptional expense of RM6.7 million due to downward revision by the SC in the market values of the Group's landed properties. This represents an increase of 65.2% from the RM12.0 million recorded in the previous financial year ended 31 January 2000. This is mainly attributed to and in tandem with the increase in turnover.

The effective tax rate is forecast at 16.7%, which is lower than the statutory tax rate of 28%, mainly due to the tax exemption enjoyed by IPSB by virtue of its pioneer status. IPSB's pioneer status, however, has expired in August 2000. Furthermore, ITSB enjoys investment tax allowance from October 1998 until September 2003.

For the forecast financial year ending 31 January 2002, the Ingress Group's consolidated turnover is forecast to be RM227.2 million, or an increase of approximately 15.3% year on year. In tandem with the increase in turnover, the Group is forecast to register a consolidated PAT after MI of RM26.0 million or an increase of 31.3% from the previous year.

The main reasons for the above are the following:

- (i) For the year under review, Ingress is forecasting that the demand for the new *Waja* model from Proton will be growing at a faster rate than the demand for the existing *Wira* line of passenger cars. The Ingress Group forecast that in 2002, Proton will reduce its production of *Wira* models from 110,000 in 2001 to 69,000 whilst within the same time period, the production for *Waja* model will be increased from 5,000 to 58,000 models.
- (ii) The Engineering Division's main contributor, MDSB, has forecast that it can maintain its market share in securing projects to erect and build substations from TNB at around 15% of the total contract value handed out by TNB. For the year under review, the Group expects TNB to award MDSB contracts, to build and maintain its electric substations, worth about RM33.3 million. Furthermore, in order not to rely on contracts in regards to substations and overhead transmission lines, MDSB is also diversifying its activities to offer services in respect of underground cabling.

XI. FINANCIAL INFORMATION (Cont'd)**2.4 Sensitivity Analysis**

The following sensitivity analysis is prepared by the management of the Group and have not been independently verified by the Reporting Accountants. It is based on the estimate and forecast assumptions as set out in Section XI(2.1) above and assuming all other factors remaining unchanged except for the 5% and 10% upward or downward variations in the turnover and cost of sales for both the Automotive and Engineering Divisions. Notwithstanding the impacts of the variations in the turnover and cost of sales for both the Automotive and Engineering Divisions as outlined here, there may exist other factors which have not been taken into account, whose variations may have a significant effect, either positively or negatively, on the financials of the Group. The sensitivity analysis is as follows:

2.4.1 Variations in Turnover for Automotive Division

	Estimate for the financial year ending 31 January 2001					
	Turnover RM'000	Cost of Sales RM'000	Gross Profit ("GP") RM'000	PBT* RM'000	PAT & After MI	GP Margin %
As Estimated	197,107	131,558	65,549	27,613	19,806	33.3
Up 10%	209,832	134,907	74,926	39,934	27,085	35.7
Up 5%	203,470	133,199	70,270	34,456	23,411	34.5
Down 5%	190,744	129,917	60,828	24,350	16,633	31.9
Down 10%	184,382	128,341	56,041	19,230	13,199	30.4

	Forecast for the financial year ending 31 January 2002					
	Turnover RM'000	Cost of Sales RM'000	Gross Profit ("GP") RM'000	PBT* RM'000	PAT & After MI	GP Margin %
As Forecast	227,197	162,950	64,247	39,573	26,041	28.3
Up 10%	239,388	166,026	73,362	49,211	32,606	30.6
Up 5%	233,291	164,457	68,834	44,344	29,393	29.5
Down 5%	221,099	161,439	59,660	34,491	22,889	27.0
Down 10%	215,003	159,991	55,012	29,503	19,596	25.6

2.4.2 Variations in Turnover for Engineering Division

	Estimate for the financial year ending 31 January 2001					
	Turnover RM'000	Cost of Sales RM'000	Gross Profit ("GP") RM'000	PBT* RM'000	PAT & After MI	GP Margin %
As Estimated	197,107	131,558	65,549	27,613	19,806	33.3
Up 10%	204,093	137,395	66,698	30,963	20,476	32.7
Up 5%	200,600	134,476	66,123	30,101	20,084	33.0
Down 5%	193,614	128,640	64,975	28,917	19,298	33.6
Down 10%	190,122	125,721	64,400	28,325	18,906	33.9

* PBT in this context refers to profit before taxation but exclude other income.

XI FINANCIAL INFORMATION (Cont'd)

	Forecast for the financial year ending 31 January 2002					
	Turnover RM'000	Cost of Sales RM'000	Gross Profit ("GP") RM'000	PBT* RM'000	PAT & After MI	GP Margin %
As Forecast	227,197	162,950	64,247	39,573	26,041	28.3
Up 10%	237,724	171,960	65,764	40,861	26,568	27.7
Up 5%	232,641	167,454	65,007	40,090	26,098	28.0
Down 5%	221,934	158,442	63,491	38,546	25,158	28.6
Down 10%	216,670	153,936	62,734	37,775	24,688	29.0

2.4.3 Variations in Cost of Sales for Automotive Division

	Estimate for the financial year ending 31 January 2001					
	Turnover RM'000	Cost of Sales RM'000	Gross Profit ("GP") RM'000	PBT* RM'000	PAT & After MI	GP Margin %
As Estimated	197,107	131,558	65,549	27,613	19,806	33.3
Up 10%	197,107	133,635	63,472	28,480	19,403	32.2
Up 5%	197,107	132,584	64,523	28,709	19,556	32.7
Down 5%	197,107	130,532	66,575	30,097	20,487	33.8
Down 10%	197,107	129,532	67,575	30,764	20,935	34.3

	Forecast for the financial year ending 31 January 2002					
	Turnover RM'000	Cost of Sales RM'000	Gross Profit ("GP") RM'000	PBT* RM'000	PAT & After MI	GP Margin %
As Forecast	227,197	162,950	64,247	39,573	26,041	28.3
Up 10%	227,197	164,858	62,337	38,187	25,328	27.4
Up 5%	227,197	163,891	63,304	38,813	25,742	27.9
Down 5%	227,197	162,005	65,190	40,022	26,540	28.7
Down 10%	227,197	161,086	66,109	40,601	26,922	29.1

* PBT in this context refers to profit before taxation but exclude other income.

2.4.4 Variations in Cost of Sales for Engineering Division

	Estimate for the financial year ending 31 January 2001					
	Turnover RM'000	Cost of Sales RM'000	Gross Profit ("GP") RM'000	PBT* RM'000	PAT & After MI	GP Margin %
As Estimated	197,107	131,558	65,549	27,613	19,806	33.3
Up 10%	197,107	137,395	59,712	23,707	15,843	30.3
Up 5%	197,107	134,476	62,631	26,609	17,767	31.8
Down 5%	197,107	128,640	68,467	32,409	21,615	34.7
Down 10%	197,107	125,721	71,386	35,311	23,540	36.2

* PBT in this context refers to profit before taxation but exclude other income.

XI. FINANCIAL INFORMATION (Cont'd)

	Forecast for the financial year ending 31 January 2002					
	Turnover RM'000	Cost of Sales RM'000	Gross Profit ("GP") RM'000	PBT* RM'000	PAT & After MI	GP Margin %
As Forecast	227,197	162,950	64,247	39,573	26,041	28.3
Up 10%	227,197	171,960	55,235	30,332	20,160	24.3
Up 5%	227,197	167,454	59,741	34,824	22,892	26.3
Down 5%	227,197	158,442	68,753	43,808	28,356	30.3
Down 10%	227,197	153,936	73,259	48,300	31,089	32.2

* PBT in this context refers to profit before taxation but exclude other income.

2.5 Dividend Estimate and Forecast

On the basis of the profit estimate and forecast for the two (2) financial years ending 31 January 2002 and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of Ingress anticipate that the Company will be in a position to propose gross dividends of 6.0% for each of two (2) financial years ending 31 January 2002. It is the policy of the Board in recommending dividends to allow shareholders to participate in the profit of the Company as well as leaving sufficient reserves for the future growth of the Company.

The intended appropriation of the Company's estimate and forecast profits before taxation in respect of the two (2) financial years ending 31 January 2002 will be as follows:

Financial Years Ending 31 January	Estimate 2001	Forecast 2002
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
Less: Proposed dividend (6.0 sen per share net of 28% tax)	(2,765)	(2,765)
Retained profit for the year	17,041	23,276
Gross dividend per ordinary share (sen)	6.0	6.0
Net dividend per ordinary share (sen)	4.3	4.3
Gross dividend yield based on the Issue/Offer price of RM2.20 per ordinary share (%)	2.7	2.7
Net dividend yield based on the Issue/Offer price of RM2.20 per ordinary share (%)	2.0	2.0
Net dividend cover (times)	7.2	9.4

Future dividends may be waived if:

- the Group is in a loss position for the relevant future financial periods or years; or
- the Group has insufficient cashflow to meet the dividend payments,

Notwithstanding the above, the Directors of Ingress have full discretion not to propose any future dividend payments as and when deemed necessary, if it is in the best interest of the Company.

XI. FINANCIAL INFORMATION (Cont'd)

3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JULY 2000 AND AUDITORS' LETTER THEREON
3.1 Proforma Consolidated Balance Sheets
 (Prepared for inclusion in this Prospectus)

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JULY, 2000

The Proforma Consolidated Balance Sheets of INGRESS CORPORATION BERHAD ("ICB") as at 31 July, 2000 as set out below are provided for illustrative purposes only:

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM'000	RM'000	RM'000
CURRENT ASSETS			
Cash and bank balances	0*	15,187	16,904
Trade debtors	-	37,700	37,700
Other debtors	-	16,203	16,203
Stocks	-	7,285	7,285
Contract work-in-progress	-	26,094	26,094
Due from associated companies	-	988	988
	<u>0</u>	<u>103,457</u>	<u>105,174</u>
CURRENT LIABILITIES			
Short term borrowings	-	32,291	32,291
Trade creditors	-	33,794	33,794
Other creditors	61	46,506	40,797
Due to a related company	115	-	-
Taxation	-	4,631	4,631
Proposed dividend	-	43	43
	<u>176</u>	<u>117,265</u>	<u>111,556</u>
NET CURRENT LIABILITIES	(176)	(13,808)	(6,382)
FIXED ASSETS	-	152,430	158,529
INVESTMENT IN ASSOCIATED COMPANIES	-	6,912	6,912
DEVELOPMENT COST	-	6,103	6,103
DEFERRED EXPENDITURE	176	2,365	2,365
GOODWILL ON CONSOLIDATION	-	668	668
MINORITY INTERESTS	-	(14,324)	(14,324)
TERM LOANS	-	(14,174)	(8,733)
AL-IJARAH, LEASE AND HIRE PURCHASE CREDITORS	-	(44,606)	(43,623)
DEFERRED TAXATION	-	(181)	(181)
	<u>0</u>	<u>81,384</u>	<u>101,334</u>

XI. FINANCIAL INFORMATION (Cont'd)

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM '000	RM'000	RM'000
SHAREHOLDERS' FUNDS			
Share capital	0*	54,250	64,000
Share premium	-	180	10,380
Reserve on consolidation	-	26,954	26,594
	<u>0</u>	<u>81,384</u>	<u>101,334</u>
Net tangible assets	<u>0</u>	<u>78,351</u>	<u>98,301</u>
Number of ordinary shares ('000)	<u>0</u>	<u>54,250</u>	<u>64,000</u>
Net tangible assets per ordinary share	<u>1</u>	<u>1.44</u>	<u>1.54</u>

* The cash and issued and paid up capital is RM2

XI. FINANCIAL INFORMATION (Cont'd)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only and have been prepared based on the balance sheet of INGRESS CORPORATION BERHAD (“the Company”) as at 31 July, 2000 and on accounting principles and basis consistent with those previously adopted in the preparation of the audited financial statements and on the assumption that the following transactions have been effected on 31 July, 2000 in the order listed below:

1. Proforma 1 incorporates the following acquisitions and transactions:
 - acquisition by the Company of 70% issued and paid up share capital of Ingress Technologies Sdn. Bhd. (“ITSB”) for a purchase consideration of RM15,671,314 to be satisfied as follows:
 - a) by way of inter-company account.
 - b) by cash of RM5,708,836 to Ramdawi Sdn. Bhd. (“RSB”).
 - acquisition by the Company of 90% issued and paid up share capital of Ingress Precision Sdn. Bhd. (“IPSB”) for a purchase consideration of RM12,642,197 to be satisfied as follows:
 - a) by way of inter-company account.
 - b) by issuance of 1,400,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.00 to Katayama Kogyo Co. Ltd. (“Katayama”).
 - c) By issuance of 840,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.00 to Mitsubishi Corporation (“Mitsubishi”).
 - acquisition by the Company of the entire issued and paid up share capital of Multi Discovery Sdn. Bhd. (“MDSB”) for a purchase consideration of RM9,000,000 to be satisfied by way of inter-company account.
 - the conversion of 3,000,000 cumulative redeemable convertible preference shares of RM0.10 each in IESB, held by Ekuiti Teroka (Malaysia) Sdn. Bhd. to 1,876,000 new ordinary shares of RM1.00 each in IESB; and

XI. FINANCIAL INFORMATION (Cont'd)

- acquisition by the Company of the entire issued and paid up share capital of IESB for a purchase consideration of RM59,182,640 to be satisfied by issuance of 52,009,998 new ordinary share of RM1.00 each in the Company at an issue price of RM1.00 per share.

4. Proforma 2

Proforma 2 incorporates the transactions in Proforma 1 and the public issue and offer for sale of approximately 9,750,000 new ordinary shares of RM1.00 each in the Company at an offer price of RM2.20 per ordinary share. The net proceeds (net of listing expenses which is payable out of listing proceeds amounting to RM1.5 million and has been offset against the share premium account) of the public issue will be utilised as follows:

	RM
Working capital	1,716,938
Capital expenditure	5,896,372
Repayment of hire purchase	983,531
Repayment of term loan	5,644,323
Acquisition of shares in Ingress Technologies Sdn. Bhd.	5,708,836
	<u>19,950,000</u>

5. The movements in the share capital and share premium account of the Company are as follows:

	Share <u>capital</u> RM'000	Share <u>premium</u> RM'000
As at 31 July, 2000	-*	-
Proforma 1 : acquisition and transactions as outlined above	54,250	180
Proforma 2 : public issue	9,750	11,700
: Listing expenses	-	(1,500)**
	<u>64,000</u>	<u>10,380</u>

* Share capital of the Company as at 31 July, 2000 is RM2.00.

** This is the estimated listing expenses payable out of the proceeds of the public issue.

6. The proforma consolidated balance sheets have been prepared on a basis consistent with the accounting policies normally adopted by the Group.

XI. FINANCIAL INFORMATION (Cont'd)

3.2 Auditors' Letter on the Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)



ARTHUR ANDERSEN

15 January, 2001

The Board of Directors
INGRESS CORPORATION BERHAD
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Arthur Andersen & Co
Public Accountants

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Gentlemen

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JULY, 2000

We have reviewed the Proforma Consolidated Balance Sheets of INGRESS CORPORATION BERHAD ("ICB") and its subsidiaries (the "Group") as at 31 July, 2000 together with the accompanying notes thereon, 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 ICB comprising 64,000,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets have been prepared incorporating the effects of the proposals as set out in the accompanying statement.

Yours faithfully

ARTHUR ANDERSEN & CO.

No. AF 0103

Public Accountants

NIK RAHMAT KAMARULZAMAN BIN NIK AB. RAHMAN

No. 1759/02/02(J)

Partner of the Firm