

11. FINANCIAL INFORMATION

11.1 HISTORICAL FINANCIAL INFORMATION

11.1.1 Proforma Consolidated Income Statements

The table below sets out a summary of the proforma consolidated income statements of the Comcorp Group for the past five (5) financial years ended 31 January 2000 to 2004, prepared based on the assumption that the current structure of the Comcorp Group has been in existence throughout the periods under review. As BCM's financial year-end is 30 September and LWT's financial year-end was initially 31 March up to year 2003, the income statements of the companies concerned have been time-apportioned to financial year ended 31 January for inclusion in the proforma consolidated income statements of the Comcorp Group. The proforma consolidated income statements are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report as set out in Section 12 of this Prospectus.

	Financial years ended 31 January				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Revenue	146,804	208,134	271,844	305,787	349,845
Profit before R&D expense, interest, depreciation, amortisation, exceptional items and taxation	10,210	15,605	21,163	20,749	23,627
R&D expense	(10)	(9)	(39)	(37)	(30)
Depreciation	(3,604)	(5,283)	(5,919)	(6,366)	(8,261)
Interest expense	(2,073)	(3,467)	(4,735)	(5,648)	(4,548)
Amortisation	(121)	(86)	(86)	(86)	(92)
PBT and exceptional items	4,402	6,760	10,384	8,612	10,696
Exceptional items ^{vi}	626	(471)	(942)	-	(46)
PBT	5,028	6,289	9,442	8,612	10,650
Taxation	(1,224)	(1,855)	(2,956)	(2,012)	(3,164)
PAT	3,804	4,434	6,486	6,600	7,486
MI	399	316	129	82	105
PAT and MI	4,203	4,750	6,615	6,682	7,591
No. of Comcorp Shares assumed in issue ('000) ^{vii}	120,580	120,580	120,580	120,580	120,580
Gross EPS (sen) ^{viii}	4.17	5.22	7.83	7.14	8.83
Net EPS (sen) ^{ix}	3.49	3.94	5.49	5.54	6.30

Notes:

^{vi} Details of the exceptional items are as follows:

	Financial years ended 31 January				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Gain on disposal of subsidiaries	626	-	-	-	82
Compensation on lost shipment	-	(232)	(463)	-	-
Restructuring exercise expenses	-	(239)	(479)	-	-
Amount due from a subsidiary written off	-	-	-	-	(128)
Total	626	(471)	(942)	-	(46)

11. FINANCIAL INFORMATION (CONT'D)

- ^{*ii} Being the number of Comcorp Shares assumed in issue after the Pre-IPO Restructuring but before the Public Issue.
- ^{*iii} The gross EPS is computed based on the consolidated PBT divided by the number of Comcorp Shares assumed in issue.
- ^{*iv} The net EPS is computed based on the consolidated PAT and MI divided by the number of Comcorp Shares assumed in issue.
- ^{*v} There were no extraordinary items during the financial years under review.

11.1.2 Segmental Analysis

The segmental analysis of the proforma Group's revenue and profits for the past five (5) financial years ended 31 January 2004 are as follows:

Analysis of revenue

	Years ended 31 January				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Comintel	16,679	22,934	45,136	53,224	84,329
ICSB	371	-	-	-	-
CHK	1,566	2,743	1,843	1,513	1,205
CSB	-	-	1,565	8,665	5,479
LWT	-	-	-	-	*
BCM ^{*i}	130,053	187,085	225,143	243,898	260,037
Less: Consolidation adjustments	(1,865)	(4,628)	(1,843)	(1,513)	(1,205)
Group revenue	146,804	208,134	271,844	305,787	349,845

Analysis of PBT

	Years ended 31 January				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Comintel	1,301	1,876	5,960	8,395	9,619
ICSB ^{*ii}	(131)	(237)	(315)	(226)	(303)
CHK	481	852	397	401	252
CSB ^{*iii}	(1,320)	(1,381)	(473)	(167)	48
LWT ^{*iv}	-	-	-	-	(37)
BCM ^{*i}	3,795	5,624	3,904	238	1,110
Less: Consolidation adjustments	902	(445)	(31)	(29)	(39)
Group PBT	5,028	6,289	9,442	8,612	10,650

Notes:

^{*} Negligible.

^{*i} BCM, which is an EMS provider, generates the largest revenue for the Comcorp Group. However, its profit margins are lower than that of the Comintel Group.

^{*ii} ICSB is primarily a cost center to support the operations of the other companies within the Comintel Group, particularly Comintel. Expenses incurred on behalf of other companies within the Comintel Group are charged out to these companies.

^{*iii} CSB incurred losses for the financial years between 2000 to 2003 due to its set-up costs pursuant to the shift in its provision of services from Finmeccanica (as a result of completion of the service contracts with Finmeccanica in financial year ended 1999) to the Government of Malaysia, which involves, amongst others, staff retraining and capital expenditure. The contracts with the Government of Malaysia were only executed in financial year 2002, but work commenced in financial year ended 2001.

^{*iv} LWT, which is involved in R&D activities in the field of photonics, only commenced operations in financial year ended 31 January 2004.

^{*v} LNC has not commenced operations and was only incorporated on 27 April 2004. Hence, its financial information has not been included in the table above.

11. FINANCIAL INFORMATION (CONT'D)

Financial year ended 31 January 2000

The revenue of the Group for the financial year ended 2000 was mainly attributable to growth in revenue for BCM arising from increased sales orders in the telecommunications sector from its major customers. Revenue growth for BCM also contributed to the improved PBT achieved by BCM. However, the spillover of the economic downturn in 1999 had affected Comintel's revenue and PBT.

The effective tax rate for 2000 was lower than the statutory tax rate due to the availability of unabsorbed capital allowances, tax losses brought forward and reinvestment allowances to set-off against business income.

Financial year ended 31 January 2001

The increase in revenue of the Group of approximately RM61.3 million or 41.8% in 2001 was mainly attributable to the growth in revenue for BCM arising from increased sales orders in the telecommunications sector from its major customers as well as additional new customers mainly from the North American region. However, the impact of the slowdown of the world economy in general, and its effect on the Malaysian economy, continued to affect growth in Comintel's revenue and PBT.

The group achieved a higher PBT of approximately RM6.3 million in 2001 mainly because of the higher revenue recorded by BCM during the year.

The effective tax rate for 2001 was higher than the statutory tax rate due to deferred tax recognised in the income statement for the year.

Financial year ended 31 January 2002

In line with the economic recovery and its continued marketing efforts overseas, the Comcorp Group showed a marked increase in its gross revenue in 2002.

The growth in revenue for Comintel contributed to the higher PBT achieved by the Comcorp Group. However, the power modules sector of BCM registered a gross loss margin due to the high initial set-up cost and the product familiarisation process. This contributed to the lower PBT for BCM.

The effective tax rate for 2002 was higher than the statutory tax rate due to certain expenses disallowed for tax purposes.

Financial year ended 31 January 2003

With the Malaysian economy making rapid recovery, the Comcorp Group continued to register an increase in its gross revenue in 2003. The maintenance contract for the Electronic Combat System which was awarded to CSB by the Government of Malaysia also contributed to the growth in revenue for the Comcorp Group.

The increasing trend in PBT margins in Comintel was largely due to the company's positioning in a niche market, thereby commanding better margins in contract negotiations as well as cost control measures implemented in keeping project costs low. However, a general shift from the consignment business to the turnkey manufacturing business resulted in higher revenues but lower profit margins for BCM. In line with the shift towards the turnkey manufacturing business, finance costs have increased from the additional requirements for trade facilities. The increase in finance costs was also attributable to the financing requirements for the construction of Phase 2 of BCM's factory building, further details of which are set out in Section 10.2 of this Prospectus under Property 4.

11. FINANCIAL INFORMATION (CONT'D)

The effective tax rate for 2003 was lower than the statutory tax rate due to the excess of capital allowances over depreciation and the availability of unabsorbed capital allowances, tax losses brought forward and reinvestment allowances to set-off against business income.

Financial year ended 31 January 2004

The Group's revenue increased by 14.4% in 2004 mainly due to a marked increase in Comintel's revenue. The increase is substantially attributable to the C4I and the Non-Aligned Movement contracts. PBT also rose against the backdrop of higher revenue. Subsequent to the shift from the consignment business to turnkey manufacturing, BCM has sustained a healthy growth, and coupled with better pricing from both suppliers and customers together with stringent cost control procedures, BCM has also achieved higher profit margins.

The effective tax rate for 2004 was higher than the statutory tax rate due to certain expenses disallowed for tax purposes.

11.2 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENTS AND MATERIAL LITIGATION**11.2.1 Working Capital**

The Directors of Comcorp are of the opinion that, after taking into account, amongst others, the consolidated cashflow position, available banking facilities and the gross proceeds from the Public Issue, the Group will have adequate working capital for a period of 12 months from the date of this Prospectus.

11.2.2 Borrowings

The total outstanding borrowings of the Group as at 25 June 2004 amounted to RM80.551 million. Details of the Group's outstanding bank borrowings, all of which are interest-bearing are as follows:

	RM'000
Long-term borrowings	15,085
Short-term borrowings	65,466
Total	<u>80,551</u>

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11. FINANCIAL INFORMATION (CONT'D)

Further details on the borrowings of the companies within the Comcorp Group as at 25 June 2004 are as follows:

(i) Comintel

Financial Institution (branch)	Facility Type / Limit	Principal Outstanding (as at 25 June 2004)	Security
1. PBB (Wisma Lim Foo Yong)	<ol style="list-style-type: none"> Overdraft Facility up to the limit of RM200,000 Combined Acceptance Letter of Credit / Letter of Credit / Trust Receipt / Bankers Acceptance / Bankers Guarantee / Shipping Guarantee up to the limit of RM5.0 million Foreign Exchange Forward Contract up to the limit of RM2.0 million 	<p><u>In respect of Facility 1:</u> Nil</p> <p><u>In respect of Facility 2:</u> RM1,809,436</p> <p><u>In respect of Facility 3:</u> Nil</p>	<p><u>In respect of Facilities 1 and 2:</u></p> <ol style="list-style-type: none"> Assignment over 2 adjoining units of semi-detached 1 ½ storey light industrial factory at 11A & 15, Jalan PJS7/21, Bandar Sunway, 46150 Petaling Jaya executed by Comintel; Fixed Deposit Receipt of RM366,063; and Joint and Several Guarantee by Leng Keng Hok @ Lim Keng Hock and Lee Choon Bin. <p><u>In respect of Facility 3:</u> Clean</p>
2. MBB (Bangsar Business Centre)	<ol style="list-style-type: none"> Overdraft Facility up to the limit of RM500,000 Letter of Credit / Trust Receipt / Bankers Acceptance / Bank Guarantee up to the limit of RM3.0 million Foreign Exchange Contract up to the limit of RM500,000 	<p><u>In respect of Facility 1:</u> Nil</p> <p><u>In respect of Facility 2:</u> Letter of Credit: RM22,040 Trust Receipt: RM167,637 Bankers Acceptance: Nil Bank Guarantee: RM1,652,984</p> <p><u>In respect of Facility 3:</u> Nil</p>	<p><u>In respect of Facilities 1, 2 and 3:</u></p> <ol style="list-style-type: none"> Existing Fixed Deposit of RM378,573 with interest capitalised; and First legal charge amounting up to RM700,000 and second legal charge amounting up to RM2.9 million over a double storey bungalow belonging to Lee Choon Bin.

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11. FINANCIAL INFORMATION (CONT'D)

(i) Comintel (Cont'd)

Financial Institution (branch)	Facility Type / Limit	Principal Outstanding (as at 25 June 2004)	Security
3. ABB (C P Tower)	1. General Line		<u>In respect of Facility 1:</u>
	(i) Overdraft Facility up to the limit of RM2,000,000	<u>In respect of Facility 1(i):</u> RM891,693	1. Legal charge over a plot of vacant industrial land located at Lot 37, Jalan Pelukis 41/46, Temasya Industrial Park (Phase 2), Shah Alam held under HS(D) 102186, PT 15999 Daerah Petaling, Selangor; and 2. Personal Guarantee by Leng Keng Hok @ Lim Keng Hock for RM8.35 million*.
	(ii) Letter of Credit / Trust Receipt / Bankers Acceptance up to the limit of RM4,250,000	<u>In respect of Facility 1(ii):</u> Letter of Credit: Nil Trust Receipt: RM64,815 Bankers Acceptance: Nil	
	(iii) Bank Guarantee up to the limit of RM2,000,000	<u>In respect of Facility 1(iii):</u> RM3,888,926	
	(iv) Foreign Exchange Forward Contract up to the limit of RM100,000	<u>In respect of Facility 1(iv):</u> Nil	
	2. Term Loan Term Loan in the amount of RM12,800,000	<u>In respect of Facility 2:</u> RM1,000,000	<u>In respect of Facility 2:</u> 1. Legal charge over a plot of vacant industrial land located at Lot 37, Jalan Pelukis 41/46, Temasya Industrial Park (Phase 2), Shah Alam held under HS(D) 102186, PT 15999, Daerah Petaling, Selangor; and 2. Personal Guarantee by Leng Keng Hok @ Lim Keng Hock for RM12.8 million*.

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11. FINANCIAL INFORMATION (CONT'D)

(i) Comintel (Cont'd)

Financial Institution (branch)	Facility Type / Limit	Principal Outstanding (as at 25 June 2004)	Security
3. ABB (Cont'd) (C P Tower)	3. Contract Financing Line		<u>In respect of Facility 3:</u>
	(i) Bank Guarantee (Performance) up to the limit of RM4,380,000	<u>In respect of Facility 3(i):</u> RM4,372,931.30	1. Legal charge over a plot of vacant industrial land located at Lot 37, Jalan Pelukis 41/46, Temasya Industrial Park (Phase 2), Shah Alam held under HS(D) 102186, PT 15999 Daerah Petaling, Selangor;
	(ii) Bank Guarantee (Advance Payment) up to the limit of RM17,030,000	<u>In respect of Facility 3(ii):</u> RM15,170,930	2. Debenture for RM50 million;
	(iii) Letter of Credit/Trust Receipt / Bankers Acceptance up to the limit of RM58,590,000	<u>In respect of Facility 3(iii):</u> Letter of Credit: RM120,692 Trust Receipt: Nil Bankers Acceptance: Nil	3. Irrevocable Letter of Instruction to the respective Project Awarders duly acknowledged by them to remit the contract proceeds into the designated project account maintained with the bank; 4. 3% of progress payments is retained in Sinking Fund to secure 30% of the outstanding amount of the Performance Bond;
	(iv) Promissory Note (Ad hoc)	<u>In respect of Facility 3(iv):</u> RM2,330,958	5. 40% of advance payment retained by the Bank and proportionately released upon progress works reaching 80%, 90% and 100% completion; and 6. Personal Guarantee by Leng Keng Hok @ Lim Keng Hock for RM80 million*.

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11. FINANCIAL INFORMATION (CONT'D)**(i) Comintel (Cont'd)**

Financial Institution (branch)	Facility Type / Limit	Principal Outstanding (as at 25 June 2004)	Security
4. Alliance Finance Bhd (Campbell Complex)	Hire Purchase RM159,120	RM143,208	N/A
5. Public Finance Bhd (Jalan Pasar)	Hire Purchase RM262,500	RM39,375	N/A
6. PAC Lease Sdn Bhd (Menara Prudential)	Hire Purchase RM218,625	RM7,273	N/A
7. Aseam Credit Sdn Bhd (Mayban Finance Tower)	Seven (7) hire purchase facilities amounting to a total amount of RM1,990,979 in respect of the purchase of various equipment	Nil The facilities were granted only on 9 June 2004	N/A

(ii) CSB

Financial Institution (branch)	Facility Type / Limit	Principal Outstanding (as at 25 June 2004)	Security
1. MBB (Bangsar Business Centre)	1. Letter of Credit / Trust Receipt / Banker Acceptance / Bank Guarantee up to the limit of RM2,900,000 2. Foreign Exchange Contract up to the limit of RM1,000,000	<u>In respect of Facility 1:</u> Letter of Credit: Nil Trust Receipt: Nil Bankers Acceptance: Nil Bank Guarantee: RM333,334 <u>In respect of Facility 2:</u> Nil	<u>In respect of Facilities 1 and 2:</u> 1. Fixed Deposit of RM300,000; 2. Assignment of contract payment; 3. 5% deduction from each contract payment received to be placed in fixed deposit until limit reaches RM300,000; and 4. Corporate Guarantee by Comintel.
2. ABB (C P Tower)	Bank Guarantee Facility up to the limit RM216,667	RM216,667	1. Against earmarking of Comintel's trade line for RM50,000; and 2. Against earmarking of Comintel's Letter of Credit / Trust Receipt / Banker Acceptance General line for RM166,667.

11. FINANCIAL INFORMATION (CONT'D)

(iii) BCM

Financial Institution (branch)	Facility Type / Limit	Principal Outstanding (as at 25 June 2004)	Security
1. MBB (Bangsar Business Centre)	1. Overdraft Facility up to the limit of RM1 million	<u>In respect of Facility 1:</u> Nil	<u>In respect of Facilities 1 to 7:</u> 1. Legal charges over the lease in respect of the land held under HS(D) 1018/96, PT 21 Mukim Padang China, District of Kulim in the State of Kedah Darul Aman and building; 2. Debentures over its present and future assets; 3. Corporate Guarantee by JTSB; 4. Personal Guarantee by Leng Keng Hok @ Lim Keng Hock; and 5. Fixed Deposit.
	2. Letter of Credit / Trust Receipt / Bankers Acceptance / Bank Guarantee up to the limit of RM35 million	<u>In respect of Facility 2:</u> Letter of Credit: RM950,000 Trust Receipt: Nil Bankers Acceptance: RM28,803,000 Bank Guarantee: RM720,000	
	3. Foreign Exchange Contract up to the limit of RM8 million	<u>In respect of Facility 3:</u> Nil	
	4. Islamic Facilities up to the limit of RM30 million	<u>In respect of Facility 4:</u> Letter of Credit Murabahah: Nil Murabahah Trust Receipt: Nil Islamic Accepted Bills: RM26,707,000 Islamic Bank Guarantee: Nil	
	5. Term Loan in the amount of RM4,887,500	<u>In respect of Facility 5:</u> RM3,836,662	
	6. Term Loan in the amount of RM500,000	<u>In respect of Facility 6:</u> RM331,521	
	7. Term Loan in the amount of RM5.0 million	<u>In respect of Facility 7:</u> RM3,176,054	

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11. FINANCIAL INFORMATION (CONT'D)

(iii) BCM (Cont'd)

Financial Institution (branch)	Facility Type / Limit	Principal Outstanding (as at 25 June 2004)	Security
2. ABB (C P Tower)	1. Overdraft Facility up to the limit of RM1 million 2. Letter of Credit / Trust Receipt / Banker Acceptance / Export-DP&DA / Shipping Guarantee RM7 million 3. Foreign Exchange Forward Contract RM400,000	<u>In respect of Facility 1:</u> Nil <u>In respect of Facility 2:</u> Letter of Credit: Nil Trust Receipt: Nil Bankers Acceptance: Nil Export Line Against Payment and Against Acceptance: Nil Shipping Guarantee: Nil <u>In respect of Facility 3:</u> Nil	<u>In respect of Facilities 1, 2, and 3:</u> 1. Pledge of fixed deposit for RM1 million; 2. Personal Guarantee by Leng Keng Hok @ Lim Keng Hock for RM8.4 million; and 3. Monthly placement of RM20,000 in fixed deposit until the company's public floatation.
3. ABB (Butterworth)	1. Omnibus Trade Lines in the amount of RM3 million comprising Import Line Against Acceptance (Usance Letter of Credit – 60 days); Import Line Against Payment (Letter of Credit), Import Line Against Acceptance (Trust Receipt) and Bankers Acceptance	RM1,157,000 pertaining to Banker's Acceptance	1. Personal Guarantee by Leng Keng Hok @ Lim Keng Hock for RM3.3 million; 2. Corporate Guarantee by JTSB for RM3.0 million; 3. Advances from Leng Keng Hok @ Lim Keng Hock is subordinated to ABB's credit facilities; and 4. An irrevocable Letter of Instruction from BCM to Motorola to remit export proceeds in respect of export bills financed by ABB directly to a designated account maintained with ABB.

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11. FINANCIAL INFORMATION (CONT'D)

(iii) BCM (Cont'd)

Financial Institution (branch)	Facility Type / Limit	Principal Outstanding (as at 25 June 2004)	Security
4. BP1MB (Taman Sri Tunas, Pulau Pinang)	1. Term Loan I for RM5.0 million	<u>In respect of Facility 1:</u> RM2,788,601	<u>In respect of Facilities 1 and 2:</u> 1. Legal Charge over the lease in respect of the land held under HS(D) 1018/96, PT 21 Mukim Padang China, District of Kulim in the State of Kedah Darul Aman and building; 2. Debenture of second fixed and floating charge over existing and future company assets; 3. Corporate Guarantee by JTSB'; and 4. Joint & Several Guarantee by Yan Kong Hong @ Bobby Yan, Mohamad Omar bin Ahmad and Abdul Majid bin Omar*.
	2. Term Loan II for RM1.5 million	<u>In respect of Facility 2:</u> RM888,993	
	3. Term Loan III for RM8 million	<u>In respect of Facility 3:</u> RM2,591,921	<u>In respect of Facility 3:</u> 1. Debenture of first fixed charge over existing machinery; and 2. Joint & Several Guarantee by Abdul Majid bin Omar, Vidyadharan A/L R. Damadaran, Baharinshah bin Hussain and Leng Keng Hok @ Lim Keng Hock*.
	4. Term Loan IV for RM6,612,500	<u>In respect of Facility 4:</u> RM5,625,155	<u>In respect of Facility 4:</u> 1. Legal Charge over the lease in respect of the land held under HS(D) 1018/96, PT 21 Mukim Padang China, District of Kulim in the State of Kedah Darul Aman and building; 2. Guarantee and Indemnity executed by Abdul Majid bin Omar, Vidyadharan A/L R. Damadaran, Baharinshah bin Hussain and Leng Keng Hok @ Lim Keng Hock'; and 3. Corporate Guarantee by JTSB'.

Notes:

N/A Not applicable

The respective companies are in the midst of arranging for the guarantees to be substituted with a corporate guarantee by Comcorp.

11. FINANCIAL INFORMATION (CONT'D)

There has been no default by the Comcorp Group on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and during the subsequent financial period until the date immediately preceding the date of this Prospectus. Further, the Directors of Comcorp are of the opinion that, after taking into account, amongst others, the consolidated cashflow position and gross proceeds from the Public Issue, the Comcorp Group will be able to sustain the future payments of both the interest and principal sums of all its borrowings and continue to obtain loan facilities for its subsequent operational needs, as and when necessary.

11.2.3 Contingent Liabilities

Save for the bank guarantees relating to performance and tenders amounting to approximately RM28.2 million, as at 25 June 2004, the Directors of Comcorp are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net asset value of the Group.

11.2.4 Material Commitments

Save as disclosed below, as at 25 June 2004, the Directors of Comcorp are not aware of any material commitments which, upon becoming enforceable, may have a material impact on the profit or net asset value of the Group.

	<i>Note</i>	RM million
Authorised but not contracted		-
Authorised and contracted	*	16.1
		<u>16.1</u>

Note:

* This relates to the construction of a corporate office building. Further details of the construction, the contract for which was executed on 1 March 2004, are set out in Sections 10.2 and 16.8(v) of this Prospectus.

Subsequently, on 28 June 2004, the Board of Directors of Comintel authorised Comintel to acquire various equipment required for the initial operation of LNC amounting to approximately RM2.0 million. The equipment would have to be acquired prior to the commencement of operations of LNC. Further details on the financing of the said acquisition are set out in Item No. 7 of Section 11.2.2(i) and Section 16.9(xxi) of this Prospectus.

11.3 CONSOLIDATED PROFIT FORECAST

The Board forecasts that the consolidated PAT of the Comcorp Group for the financial year ending 31 January 2005 will be as follows:

Financial year ending 31 January	Forecast 2005 RM'000
Revenue	370,706
Consolidated PBT	17,483
Taxation	(1,608)
Consolidated PAT	15,875
MI	(857)
Consolidated PAT and MI	15,018
Weighted average number of Comcorp Shares in issue ('000) *	129,600

11. FINANCIAL INFORMATION (CONT'D)

Financial year ending 31 January	Forecast 2005 RM'000
Gross EPS (sen)	
- Based on the weighted average number of shares in issue	13.5
- Based on the enlarged share capital of 140,000,000 Comcorp Shares	12.5
Net EPS (sen)	
- Based on the weighted average number of shares in issue	11.6
- Based on the enlarged share capital of 140,000,000 Comcorp Shares	10.7
Gross PE Multiple based on the issue/offer price of RM0.85 per Comcorp Share (times)	
- Based on the weighted average number of shares in issue	6.3
- Based on the enlarged share capital of 140,000,000 Comcorp Share	6.8
Net PE Multiple based on the issue/offer price of RM0.85 per Comcorp Share (times)	
- Based on the weighted average number of shares in issue	7.3
- Based on the enlarged share capital of 140,000,000 Comcorp Shares	7.9

Note:

* The weighted average number of Comcorp Shares in issue is calculated based on the assumption that the Public Issue would be completed by mid-August 2004.

BASES AND ASSUMPTIONS

The principal bases and assumptions upon which the consolidated profit forecast has been arrived at are as follows:

- (i) There will be no significant changes in the principal activities, management structure, accounting and business policies adopted by the Group.
- (ii) The existing terms and conditions of contracts and agreements entered into by the Group will remain in force.
- (iii) There will be no adverse changes to the legislation and regulations, rates and basis of duties, levies and taxes in the countries in which the Group operates that will adversely affect the operations of the Group.
- (iv) There will be no material setback in the growth of the economy and the political conditions which will adversely affect the operation of the Group or the markets in which it operates.
- (v) There will be no major industrial disputes or any abnormal circumstances which will adversely affect the operations of the Group.
- (vi) There will be no significant changes in the current pricing of the Group's products and services.
- (vii) The forecast turnover and related costs are based on the directors' forecasts after taking into consideration the present selling prices and related costs of the Group. For BCM, there will be no material changes to the forecast selling price, sales mix, sales volume and profit margins. For the Comintel Group, the forecast selling price, sales mix, sales volume and profit margins depend on the contracts awarded to the Comintel Group.
- (viii) Production/processing costs will not be adversely affected by any abnormal circumstances or events. Raw material costs will not fluctuate significantly.
- (ix) There will be no significant changes in current demand and in the prevailing market conditions which will adversely affect the performance of the Group.

11. FINANCIAL INFORMATION (CONT'D)

- (x) The rates and bases of taxation including the tax incentives and government duties applicable to the Group will remain at their present levels.
- (xi) There will be no major breakdown or disruption in either the production facilities or the sourcing of suppliers and materials by the Group.
- (xii) There will be no material fluctuations in production costs (including labour, cost of materials and other production overheads).
- (xiii) There will be no unexpected problems that may affect the Group's various production programmes.
- (xiv) There will be no variations in major capital and revenue items that are beyond the control of the Group.
- (xv) Inflation rates will remain at present levels.
- (xvi) There will be no adverse movements in foreign currency exchange rates which will materially affect the Group's operation. The Group assumes the exchange rates in the profit forecast are as follows:
 RM1 : USD 0.2632
 RM1 : HKD 2.0408
 RM1 : EURO 0.2273
 RM1 : SGD 0.4545
 RM1 : Sterling 0.1600
 RM1 : AUD 0.4000
 RM1 : YEN 29.85
- (xvii) There will be no significant incidence of bad debts.
- (xviii) Interest rates will not change significantly.
- (xix) There will be no shortage of staff for the Group to carry out its normal operations.
- (xx) There will be no adverse effects from weather conditions, industrial incidents, climatic diseases and other natural risks associated with the operating environment.
- (xxi) Capital expenditure for the Group for the proposed construction of a new corporate head office will be approximately RM16.112 million and it is assumed that the building approvals will be duly obtained within the stipulated timeframe. Accordingly, the re-investment allowances will be available to partially offset the statutory income for the Year of Assessment 2005.
- (xxii) Comcorp will pay a dividend of 2.5% net of tax amounting to RM2,520,000 in respect of the financial year ending 31 January 2005.
- (xxiii) The directors are of the opinion that the implementation of the ASEAN Free Trade Area will not have any material impact on the operations of the Group.
- (xxiv) There will be no change in the Group structure for the financial year ending 31 January 2005 other than those included in the Pre-IPO Restructuring.
- (xxv) Related party transactions, if any, are entered in the normal course of business and are established on a negotiated basis which are no less favourable than those arranged with independent third parties.
- (xxvi) The proceeds from the Public Issue (net of the estimated expenses in relation to the Listing) amounting to RM14,507,000 is assumed to be utilised for working capital purposes and repayment of term loans.

11. FINANCIAL INFORMATION (CONT'D)

- (xxvii) The estimated expenses in relation to the Listing of RM2,000,000 will be set off against the share premium account of Comcorp.
- (xxviii) The listing of and quotation for the entire enlarged issued and paid-up share capital of Comcorp comprising 140,000,000 Comcorp Shares on the Second Board of Bursa Securities is expected to be completed by mid-August 2004.

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11. FINANCIAL INFORMATION (CONT'D)

11.4 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST

(Prepared for inclusion in this Prospectus)



RUSS OOI & ASSOCIATES
Chartered Accountants

Date: **20 JUL 2004**

The Board of Directors
COMINTEL CORPORATION BHD
11A & 15, Jalan PJS 7/21
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

**COMINTEL CORPORATION BHD ("COMCORP")
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31
JANUARY 2005**

We have reviewed the consolidated profit forecast of Comcorp and its subsidiaries (hereinafter referred to as the "Comcorp Group" or "Group") for the financial year ending 31 January 2005 as set out in Section 11.3 of the Prospectus in accordance with the International Standards on Auditing [ISA 810] applicable to the review of forecasts. The consolidated profit forecast has been prepared for the purpose of inclusion in the Prospectus to be dated **28 JUL 2004** in connection with the following:

(i) The Offer for Sale

The offer for sale of 9,220,000 ordinary shares of RM0.50 each in Comcorp to identified investors at an offer price of RM0.85 per share by way of private placement;

(ii) The Public Issue

The public issue of 19,420,000 new ordinary shares of RM0.50 each in Comcorp at an issue price of RM0.85 per share comprising:-

- (a) 6,920,000 new ordinary shares of RM0.50 each available for application by eligible directors, employees and business partners of the Comcorp Group;
- (b) 6,500,000 new ordinary shares of RM0.50 each to identified investors by way of private placement; and
- (c) 6,000,000 new ordinary shares of RM0.50 each available for application by the Malaysian public; and

(iii) The Listing

The listing of and quotation for the entire issued and paid-up share capital of Comcorp on the Second Board of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad).

11. FINANCIAL INFORMATION (CONT'D)



RUSS OOI & ASSOCIATES
Chartered Accountants


Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies normally adopted and disclosed by the Group in its audited financial statements for the financial year ended 31 January 2004. The Directors of Comcorp are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the consolidated profit forecast is 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 the 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 a forecast is based, such information is generally future orientated and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and variations could be material.

Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in Section 11.3 of the Prospectus, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies normally adopted and disclosed by the Comcorp Group in its audited financial statements for the financial year ended 31 January 2004.

Yours faithfully


RUSS OOI & ASSOCIATES
AF 0152
Chartered Accountants


OOI JIT HUAT
1093 / 5 / 05 (J)
Partner

11. FINANCIAL INFORMATION (CONT'D)

11.5 DIRECTORS' ANALYSIS AND COMMENTARY ON THE CONSOLIDATED PROFIT FORECAST

The Directors of Comcorp have prepared and analysed the bases and assumptions used in arriving at the profit forecast of the Comcorp Group for the financial year ending 31 January 2005, and are of the opinion that the consolidated profit forecast is fair and reasonable in light of the future plans, strategies and prospects of the Comcorp Group as set out in Section 6.4.12 of this Prospectus, and after taking into consideration the forecast gearing levels, liquidity and working capital requirements of the Group.

11.6 DIVIDEND FORECAST

It is the policy of the Directors of Comcorp in recommending dividends to allow shareholders to participate in the profits of the Company as well as leaving adequate reserves for the future growth of the Group.

Save as set out in the note below, based on the forecast consolidated PAT and MI of RM15.018 million for the financial year ending 31 January 2005, the Directors of Comcorp anticipate that the Company will be in a position to propose a gross dividend of 2.5 sen per Comcorp Share for the financial year ending 31 January 2005, based on the enlarged issued and paid-up share capital of 140,000,000 Comcorp Shares.

The intended appropriation of the forecast consolidated PAT for the financial year ending 31 January 2005 will be as follows:

Financial year ending 31 January	Forecast 2005 RM'000
Consolidated PBT	17,483
Taxation	(1,608)
Consolidated PAT	15,875
MI	(857)
Consolidated PAT and MI	15,018
Proposed dividend	(2,520)
Consolidated retained profits	12,498
Gross dividend per Comcorp Share (sen)	2.5
Net dividend per Comcorp Share (sen)	1.8
Gross dividend yield (based on the issue/offer price of RM0.85 per Comcorp Share) (%)	2.9
Net dividend yield (based on the issue/offer price of RM0.85 per Comcorp Share) (%)	2.1
Net dividend cover (times)	6.0

Future dividends may be waived in the event of insufficient profits or retained profits to declare as dividends, insufficient tax credits to frank dividends or insufficient cashflow to pay dividends.

11. FINANCIAL INFORMATION (CONT'D)

11.7 SENSITIVITY ANALYSIS

The principal bases and assumptions upon which the sensitivity analysis of the Group's profit forecast has been made are as follows:

- (i) The selected variable item will vary $\pm 5\%$ and $\pm 10\%$;
- (ii) In the case of revenue fluctuations, the Group's gross profit margin is maintained;
- (iii) For BCM, in the case of cost of sales fluctuation, its gross profit margin will be maintained as any material cost variance on the equipment, components and raw materials will be borne by the customers.
- (iv) For the Comintel Group, in the case of cost of sales fluctuation, the cost of sales will only be partially varied i.e. only 50% of systems cost of sales and all hardware costs will be varied according to the selected percentage of variation. The remaining 50% of systems cost of sales and all maintenance cost of sales will not be varied. In any case, the fluctuation in the Comintel Group's cost of sales will not result in a corresponding change in its revenue; and
- (v) Except for the selected variable items, the same assumptions for the other items in the base case shall apply.

The following scenarios attempt to show the impact on the forecast consolidated PBT and PAT and MI resulting from the changes in revenue and cost of sales.

(i) Variation in Revenue

A sensitivity analysis on the Comcorp Group's forecast PBT and PAT and MI for the financial year ending 31 January 2005 based on a deviation of 5% and 10% on the Comcorp Group's revenue for the said financial year is set out below:

	<-----PBT----->		<-----PAT and MI----->	
	RM'000	%	RM'000	%
Forecast	17,483	-	15,018	-
<i>Deviation</i>				
+ 10%	22,263	27.34%	18,832	25.40%
+ 5%	19,873	13.67%	16,925	12.70%
- 5%	15,093	-13.67%	13,111	-12.70%
- 10%	12,703	-27.34%	11,204	-25.40%

All other factors remaining equal, an increase in revenue by 5% and 10% will result in an increase in the PAT and MI of the Group by 12.70% and 25.40% respectively. Accordingly, a decrease in revenue by 5% and 10% will result in a decrease in the PAT and MI of the Group by 12.70% and 25.40% respectively.

11. FINANCIAL INFORMATION (CONT'D)

(ii) Variation in Cost of Sales

A sensitivity analysis on the Comcorp Group's forecast PBT and PAT and MI for the financial year ending 31 January 2005 based on a deviation of 5% to 10% on the Comcorp Group's cost of sales for the said financial year is set out below:

	<-----PBT----->		<-----PAT and MI----->	
	RM'000	%	RM'000	%
Forecast	17,483	-	15,018	-
<i>Deviation</i>				
+ 10%	16,961	-2.99%	15,290	1.81%
+ 5%	17,222	-1.49%	15,192	1.16%
- 5%	17,744	1.49%	14,994	-0.16%
- 10%	18,005	2.99%	14,896	-0.81%

All other factors remaining equal, an increase in cost of sales by 5% and 10% will result in an increase in the PAT and MI of the Group by 1.16% and 1.81% respectively. Accordingly, a decrease in cost of sales by 5% and 10% will result in a decrease in the PAT and MI of the Group by 0.16% and 0.81% respectively.

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11. FINANCIAL INFORMATION (CONT'D)

11.8 REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED BALANCE SHEETS

(Prepared for inclusion in this Prospectus)



RUSS OOI & ASSOCIATES
Chartered Accountants

Date: **20 JUL 2004**

The Board of Directors
COMINTEL CORPORATION BHD
11A & 15, Jalan PJS 7/21
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

**COMINTEL CORPORATION BHD ("COMCORP")
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JANUARY 2004**

We have reviewed the Proforma Consolidated Balance Sheets of Comcorp and its subsidiaries (hereinafter referred to as the "Comcorp Group") as at 31 January 2004, together with the notes and assumptions thereto, for which the Directors are solely responsible, as set out in the accompanying statement (which we have stamped for the purpose of identification). The Proforma Consolidated Balance Sheets have been prepared for inclusion in the Prospectus to be dated **28 JUL 2004** in connection with the following:

(i) The Offer for Sale

The offer for sale of 9,220,000 ordinary shares of RM0.50 each in Comcorp to identified investors at an offer price of RM0.85 per share by way of private placement;

(ii) The Public Issue

The public issue of 19,420,000 new ordinary shares of RM0.50 each in Comcorp at an issue price of RM0.85 per share comprising:-

- (a) 6,920,000 new ordinary shares of RM0.50 each available for application by eligible directors, employees and business partners of the Comcorp Group;
- (b) 6,500,000 new ordinary shares of RM0.50 each to identified investors by way of private placement; and
- (c) 6,000,000 new ordinary shares of RM0.50 each available for application by the Malaysian public; and

(iii) The Listing

The listing of and quotation for the entire issued and paid-up share capital of Comcorp on the Second Board of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad).

11. FINANCIAL INFORMATION (*CONT'D*)



RUSS OOI & ASSOCIATES
Chartered Accountants

In our opinion,

- i) the Proforma Consolidated Balance Sheets have been properly compiled on the basis set out in the notes and assumptions thereto;
- ii) such basis is consistent with the accounting policies of the Comcorp Group; and
- iii) the adjustments are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

Yours faithfully

RUSS OOI & ASSOCIATES
AF 0152
Chartered Accountants

OOI JIT HUAT
1073 / 5 / 05 (J)
Partner

11. FINANCIAL INFORMATION (CONT'D)

COMCORP

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JANUARY 2004

FOR IDENTIFICATION PURPOSES



RUSS OOI & ASSOCIATES

	Proforma Company RM'000	Proforma Group Proforma (I) RM'000	Proforma (II) RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	-	84,561	84,561
Goodwill on consolidation	-	93	93
Deferred tax assets	-	6,583	6,583
CURRENT ASSETS			
Stocks	-	54,079	54,079
Trade receivables	-	61,781	61,781
Other receivables, deposits and prepayments	-	16,104	16,104
Amounts owing by related parties	-	2,450	2,450
Fixed deposits with financial institutions	-	16,852	16,852
Cash and bank balances	*	10,682	17,189
	-	161,948	168,455
CURRENT LIABILITIES			
Trade payables	-	51,913	51,913
Other payables and accruals	-	39,638	39,638
Amounts owing to related parties	-	3,993	3,993
Hire purchase and lease creditors	-	178	178
Term loans	-	3,889	3,889
Bank borrowings	-	48,007	48,007
	-	147,618	147,618
NET CURRENT ASSETS	-	14,330	20,837
	-	105,567	112,074
SHAREHOLDERS' EQUITY			
Share capital	*	60,290	70,000
Share premium	-	20,785	25,582
	-	81,075	95,582
Hire purchase and lease creditors	-	152	152
Term loans	-	16,901	8,901
Deferred taxation	-	6,788	6,788
Minority interests	-	651	651
	-	105,567	112,074
No. of ordinary shares assumed in issue ('000)	*	120,580	140,000
NTA per ordinary share (RM)	0.50	0.67	0.68

* The issued and paid-up share capital of Comcorp is 2 ordinary shares at RM1.00 each as at the date of incorporation. Subsequently, on 28 October 2003, the Company subdivided its shares to RM0.50 per ordinary share and increased the authorised share capital from RM100,000 to RM200,000,000 by the creation of 399,800,000 ordinary shares of RM0.50 each. As at 31 January 2004, the paid-up capital is RM2.00 comprising 4 ordinary shares of RM0.50 each.

(I) : After Pre-IPO Restructuring.

(II) : After (I), the IPO, the Listing and utilisation of proceeds.

11. FINANCIAL INFORMATION (CONT'D)

FOR IDENTIFICATION PURPOSES



RUSS OOI & ASSOCIATES

COMINTEL CORPORATION BHD
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 JANUARY 2004

The Proforma Consolidated Balance Sheets of Comcorp, together with the notes and assumptions thereto have been prepared for illustrative purposes only based on accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements of Comcorp and its subsidiaries as at 31 January 2004 and on the assumption that the following transactions were effected on 31 January 2004.

Proforma I

The Proforma Consolidated Balance Sheet is stated after incorporating the effects of the following restructuring exercise ("Pre-IPO Restructuring"):

a) Acquisitions of:

i) The entire equity interest in BCM Electronics Corporation Sdn Bhd ("BCM") by Comcorp

Comcorp acquires the entire equity interest in BCM for a total purchase consideration of RM46,365,822 satisfied wholly by the issue of 68,957,859 new ordinary shares of RM0.50 each in Comcorp at an issue price of approximately RM0.67 per share; and

ii) The entire equity interest in Comintel Sdn Bhd ("Comintel") by Comcorp

Comcorp acquires the entire equity interest in Comintel for a total purchase consideration of RM34,709,645 satisfied wholly by the issue of 51,622,137 new ordinary shares of RM0.50 each in Comcorp at an issue price of approximately RM0.67 per share.

b) The pre-IPO placement of 11,026,718 ordinary shares of RM0.50 each in Comcorp by Leng Keng Hok @ Lim Keng Hock, Just Trading Sdn Bhd and Power-One Inc. to Bumiputera places nominated by them.

Upon completion of Proforma I, the issued and paid-up share capital of Comcorp will increase to RM60,290,000 comprising 120,580,000 ordinary shares of RM 0.50 each.

Proforma II

The Proforma Consolidated Balance Sheet is stated after incorporating the effects of Proforma I and the Public Issue of 19,420,000 new ordinary shares of RM0.50 each in Comcorp at an issue price of RM0.85 per share. The proceeds from the Public Issue (net of the estimated expenses in relation to the Listing) is assumed to be utilised to repay part of the bank borrowings of BCM amounting to RM8 million and the balance for working capital purposes. The estimated expenses in relation to the Listing of RM2,000,000 have been set off against the share premium of Comcorp.

Upon completion of Proforma II, the issued and paid-up share capital of Comcorp will increase to RM70,000,000 comprising 140,000,000 ordinary shares of RM0.50 each.