

X. FINANCIAL INFORMATION

1. PROFIT AND DIVIDEND RECORD

(i) Jotech

The following table sets out a summary of the audited consolidated results for the financial period from 24 February 1995 (being date of incorporation) to 31 December 1995 and audited consolidated results of the Jotech Group for the four financial years ended 31 December 1999. The results should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section XI.

| | 24.02.95 | <----- Year ended 31 December -----> | | | |
|--|-------------|--------------------------------------|---------|--------|--------|
| | to 31.12.95 | 1996 | 1997 | 1998 | 1999 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Turnover | 52,893 | 58,097 | 65,353 | 77,385 | 90,499 |
| Profit before taxation | 3,855 | 5,023 | 8,615 | 6,608 | 9,187 |
| Taxation | (1,428) | (1,251) | (2,067) | (910) | 411 |
| Profit after taxation | 2,427 | 3,772 | 6,548 | 5,698 | 9,598 |
| Number of ordinary shares of RM1.00 each assumed in issue ('000) | * 378 | * 1,383 | 9,716 | 9,716 | 9,716 |
| Gross EPS (RM) | # 12.20 | 3.63 | 0.88 | 0.68 | 0.95 |
| Net EPS (RM) | # 7.70 | 2.72 | 0.67 | 0.58 | 0.99 |
| Gross dividend rate (%) | - | 225.58 | - | - | - |
| Tax exempt dividend rate (%) | - | 124.41 | - | - | 30.88 |

* Weighted average
Annualised

Notes:-

- (a) The increase in turnover for the financial period/years ended 31 December 1995, 1996, 1997, 1998 and 1999 was mainly due to new customers being secured and increased orders from existing customers.
- (b) The increase in profit before taxation for the financial years ended 31 December 1996 and 1997 was due to increase in turnover and increase in production of products with higher gross profit margin.
- (c) The decrease in profit before taxation despite the increase in turnover for the financial year ended 31 December 1998 was mainly due to higher depreciation and interest expenses.
- (d) The effective tax rates for the financial years ended 31 December 1996, 1997 and 1998 were lower than the statutory tax rates due to utilisation of reinvestment allowances.
- (e) The increase in profit before taxation for the financial year ended 31 December 1999 was mainly due to increase in demand for Jotech's products in line with the recovery of the Asian economy and the electronics industry.
- (f) The audited consolidated results for the financial period ended 31 December 1995 have been adjusted after taking into account the restatement of results as a result of a change in accounting policy from the acquisition method of consolidation accounting to the merger method in accordance with Malaysian Accounting Standard No. 2, with effect from 1 January 1996. As such, the results for the period ended 31 December 1995 in relation to the acquisition of JoMetal by Jotech has been restated. Accordingly, a prior year adjustment was made in the accounts of Jotech for the financial year ended 31 December 1996.
- (g) There were no exceptional or extraordinary items for the financial period/years under review.

X. FINANCIAL INFORMATION (Cont'd)

(ii) JoMetal

The following is a summary of the audited profit and dividend record of JoMetal for the fifteen-month period ended 31 December 1995 and the four financial years ended 31 December 1999:-

| | Fifteen month period ended 31 December 1995 RM'000 | Year ended 31 December | | | |
|--|--|------------------------|----------------|----------------|----------------|
| | | 1996 RM'000 | 1997 RM'000 | 1998 RM'000 | 1999 RM'000 |
| Turnover | 52,893 | 57,696 | 51,287 | 63,189 | 70,236 |
| Profit before taxation | 3,936 | 4,905 | 4,259 | 3,562 | 4,885 |
| Taxation | (1,428) | (1,157) | (1,410) | (235) | - |
| Profit after taxation | 2,508 | 3,748 | 2,849 | 3,327 | 4,885 |
| Number of ordinary shares of RM1.00 each in issue ('000) | 450 | 450 | * 861 | 2,400 | 2,400 |
| Gross EPS (RM) | 6.99 | 10.90 | 4.95 | 1.48 | 2.04 |
| Net EPS (RM) | # 4.46 | 8.33 | 3.30 | 1.39 | 2.04 |
| Gross dividend rate (%) | - | 445.48 | - | 12.81 | - |
| Tax exempt dividend rate (%) | - | 221.18 | - | - | 62.92 |

Annualised

* Weighted average

Notes:-

- (a) The substantial increase in turnover and profit before taxation for the financial period ended 31 December 1995 compared to the previous financial year was mainly due to the growing demand for electronic products and sales secured from a new customer.
- (b) The increase in profit before taxation for the financial year ended 31 December 1996 despite the marginal increase in turnover was mainly due to additional contracts from major manufacturers of electronic products secured during the year.
- (c) The decrease in turnover and profit before taxation for the financial year ended 31 December 1997 was mainly due to depressed market conditions.
- (d) The decrease in profit before taxation despite the increase in turnover for the financial year ended 31 December 1998 was mainly due to increase in finance charges on term loan drawdown to finance the acquisition of factory land and building.
- (e) The increase in profit before taxation for the financial year ended 31 December 1999 was mainly due to improvement in demand in line with the recovery of the Asian economy and the electronics industry.
- (f) The effective taxation rates for the financial period/year ended 31 December 1995 and 31 December 1997 were higher than statutory taxation rates due to certain expenses being disallowed for taxation purposes. The effective taxation rates for the financial years ended 31 December 1996 and 31 December 1998 were lower than the statutory taxation rate due to utilisation of reinvestment allowances.
- (g) There were no exceptional or extraordinary items for the financial years/period under review.

X. FINANCIAL INFORMATION (Cont'd)

(iii) Prodelcon

The following is a summary of the audited profit and dividend record of Prodelcon for the three financial years ended 31 March 1997, nine-month period ended 31 December 1997 and the two financial years ended 31 December 1999:-

| | <--- Year ended 31 March ---> | | | Nine-month period ended | <- 31 December -> | |
|--|-------------------------------|--------|--------|-------------------------|-------------------|--------|
| | 1995 | 1996 | 1997 | 31 December 1997 | 1998 | 1999 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Turnover | 3,071 | 5,876 | 10,412 | 11,003 | 13,743 | 18,219 |
| Profit before taxation | 608 | 1,650 | 4,093 | 3,192 | 3,226 | 4,596 |
| Taxation | (121) | (269) | (567) | (873) | (639) | 375 |
| Profit after taxation | 487 | 1,381 | 3,526 | 2,319 | 2,587 | 4,971 |
| Number of ordinary shares of RM1.00 each in issue ('000) | 1,249 | 1,249 | 1,249 | 1,249 | 1,249 | 1,249 |
| Gross EPS (RM) | 0.49 | 1.32 | 3.28 | # 3.41 | 2.58 | 3.68 |
| Net EPS (RM) | 0.39 | 1.11 | 2.82 | # 2.48 | 2.07 | 3.98 |
| Dividend rate (%) | - | - | - | - | - | 120.90 |

Annualised

Notes:-

- (a) The increase in turnover and profit before taxation for the financial years ended 31 March 1995 and 1996 were mainly due to new customers being secured and increased orders from customers.
- (b) The substantial increase in turnover and profit before taxation for the financial year ended 31 March 1997 were mainly due to substantial increase in sales of mould sets to local and foreign MNC customers.
- (c) The decrease in profit before taxation despite the increase in turnover for the nine month period ended 31 December 1997 was mainly due to higher interest expense.
- (d) The increase in turnover and profit before taxation for the financial year ended 31 December 1999 was mainly due to increased orders for Integrated Circuits Moulds.
- (e) The effective taxation rates for the financial years ended 31 March 1994, 31 March 1995, 31 March 1996, 31 March 1997 and 31 December 1998 were lower than the statutory taxation rates due to utilisation of reinvestment allowances.
- (f) There were no exceptional or extraordinary items for the financial years/period under review.

X. FINANCIAL INFORMATION (Cont'd)

(iv) MMS

The following is a summary of the audited profit and dividend record of MMS for the period from 5 September 1997 (being date of incorporation) to 31 December 1998 and the financial year ended 31 December 1999:-

| | 05.09.97 to 31.12.98 RM'000 | Year ended 31 December 1999 RM'000 |
|--|-----------------------------------|---|
| Turnover | 453 | 460 |
| Profit/(loss) before taxation | 21 | (11) |
| Taxation | (36) | 36 |
| Profit/(loss) after taxation | (15) | 25 |
| No. of ordinary shares of RM1.00 each in issue ('000) | 100 | 100 |
| Gross earnings/(loss) per share (RM) | 0.21 | (0.11) |
| Net (loss)/earnings per share (RM) | (0.15) | 0.25 |
| Gross dividend rate (%) | - | - |

Notes:-

- (a) *The loss incurred for the financial year ended 31 December 1999 was mainly due to lower margin and higher depreciation.*
- (b) *There were no exceptional or extraordinary items for the financial year/period under review.*

2. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**(i) Working Capital**

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

(ii) Borrowings

Save for terms loans amounting to RM7.703 million, the Jotech Group does not have any other loan capital outstanding or loan capital created but unissued, mortgages or charges outstanding or other borrowings as at 15 June 2000.

(iii) Contingent Liabilities and Capital Commitments

Save for the capital commitments approved and contracted for amounting to approximately RM4,504,000 and capital commitments approved but not contracted for amounting to approximately RM9,279,000, the Jotech Group does not have any contingent liabilities or capital commitments as at 15 June 2000.

X. FINANCIAL INFORMATION (Cont'd)

3. CONSOLIDATED PROFIT FORECAST AND PRINCIPAL ASSUMPTIONS

The Board of Directors of Jotech forecasts that, barring unforeseen circumstances, the consolidated profit of the Jotech Group for the financial year ending 31 December 2000 will be as follows:-

| | RM'000 |
|-------------------------------------|---------------|
| Consolidated profit before taxation | 11,184 |
| Taxation | (2,199) |
| Consolidated profit after taxation | <u>8,985</u> |

The principal bases and assumptions upon which the consolidated profit forecast has been prepared are set out below:-

1. There will be no material changes in the present legislation or government regulations, rates and duties, levies and taxes which will adversely affect the operations of the Jotech Group or the markets in which it operates.
2. There will be no major breakdown or disruption in the operational facilities, industrial disputes, disruption from supplies of materials or other abnormal factors, both domestic and overseas, which will adversely affect the Group's operations.
3. There will be no significant changes in the political, economic and market conditions which will materially affect the activities of the Jotech Group and the demand, saleability and pricing of its products and services or the markets in which it operates.
4. Existing financing facilities will remain available to the Jotech Group and interest rates will not change significantly from those presently prevailing. In addition, the Jotech Group will be able to obtain financing facility at the present prevailing interest rates.
5. There will be no significant changes in the existing accounting, management and operational policies of the Group that will adversely affect the activities and performance of the Group.
6. There will be no changes in the present structure or principal activities of the Group.
7. There will be no material changes in labour costs, price of raw materials and other costs, which will adversely affect the Group's profitability.
8. Inflation rates and exchange rates of foreign currencies will not change materially from their present levels.
9. Capital expenditure programmes will be implemented on schedule and there will be no material acquisitions or disposal of fixed assets other than those planned.
10. The subsidiary companies will succeed in obtaining Reinvestment Allowance tax incentive under the Income Tax Act, 1967 on the capital expenditure to be incurred.
11. The public issue of 6,000,000 new ordinary shares of RM1.00 each and the offer for sale of 1,120,000 ordinary shares of RM1.00 each at RM2.10 per share will be completed by end-August 2000.

X. FINANCIAL INFORMATION (Cont'd)

4. REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST

(Prepared for inclusion in this Prospectus)

The Board of Directors
Jotech Holdings Berhad
Lot 3 Persiaran Kemajuan
Seksyen 16
40200 Shah Alam
Selangor Darul Ehsan

19 June 2000

Dear Sirs

REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2000

We have reviewed the accounting policies and calculations for the consolidated profit forecast of Jotech Holdings Berhad ("Jotech") and its subsidiary companies (hereinafter referred as the "Jotech Group") for which the Directors are solely responsible, for the year ending 31 December 2000 as set out in the Prospectus dated 26 June 2000 in connection with the Public Issue of 6,000,000 new ordinary shares of RM1.00 each in Jotech at an issue price of RM2.10 per ordinary share and the Offer for Sale of 1,120,000 ordinary shares of RM1.00 each in Jotech at an offer price of RM2.10 per ordinary share and the listing and quotation of the entire issued and fully paid-up share capital of Jotech on the Second Board of The Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit 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 Prospectus and are presented on a basis consistent with the accounting policies normally adopted by the Jotech Group.

Yours faithfully

KPMG
(No AF : 0758)
Public Accountants

Hew Lee Lam Sang
Partner
Approval Number: 1862/10/01(J)

X. FINANCIAL INFORMATION (Cont'd)

5. DIVIDEND FORECAST AND POLICY

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

Based on the forecast consolidated profit before taxation of RM11.184 million for the financial year ending 31 December 2000, the Directors of Jotech anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a tax-exempt dividend of 5.0 sen per share for the financial year ending 31 December 2000, based on the issued and paid-up share capital of 40,000,000 ordinary shares of RM1.00 each.

The intended appropriation of the forecast consolidated profit before tax for the financial year ending 31 December 2000 will be as follows:-

| | RM'000 |
|--|---------------------|
| Consolidated profit before taxation | 11,184 |
| Taxation | (2,199) |
| Consolidated profit after taxation | <u>8,985</u> |
| Proposed dividend | (2,000) |
| Consolidated retained profit | <u><u>6,985</u></u> |
| Tax exempt dividend per ordinary share (sen) | 5.0 |
| Tax exempt dividend yield based on the issue price of RM2.10 per New Share (%) | 2.38 |
| Tax exempt dividend cover (times) | 4.49 |

X. FINANCIAL INFORMATION (Cont'd)

6. PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets of Jotech Holdings Berhad and its subsidiary companies as at 31 December 1999 are as follows:-

| | Audited consolidated balance sheet as at 31.12.1999 RM'000 | Proforma consolidated balance sheet after Stage I RM'000 | Proforma consolidated balance sheet after Stage 2 RM'000 | Proforma consolidated balance sheet after Stage 3 RM'000 |
|------------------------------------|---|---|---|---|
| Fixed assets | 24,935 | 24,935 | 24,935 | 24,935 |
| Goodwill on consolidation | 5,830 | 5,830 | 5,830 | 5,830 |
| Current assets | | | | |
| - Other current assets | 27,264 | 27,264 | 27,264 | 27,264 |
| - Deposits, cash and bank balances | 10,195 | 10,195 | 14,442 | 19,837 |
| | 37,459 | 37,459 | 41,706 | 47,101 |
| Current liabilities | | | | |
| - Other current liabilities | 17,528 | 17,528 | 17,528 | 17,528 |
| - Bank borrowings and overdrafts | 2,706 | 2,706 | 2,706 | 2,706 |
| | 20,234 | 20,234 | 20,234 | 20,234 |
| Net Current Assets | 17,225 | 17,225 | 21,472 | 26,867 |
| | 47,990 | 47,990 | 52,237 | 57,632 |
| <i>Financed by:-</i> | | | | |
| Share capital | 9,716 | 29,753 | 34,000 | 40,000 |
| Share premium | 4,581 | - | - | 5,500 |
| Unappropriated profit | 23,945 | 8,489 | 8,489 | 8,489 |
| Shareholders' funds | 38,242 | 38,242 | 42,489 | 53,989 |
| Hire purchase creditors | 2,108 | 2,108 | 2,108 | 2,108 |
| Term Loans | 7,114 | 7,114 | 7,114 | 1,009 |
| Deferred taxation | 526 | 526 | 526 | 526 |
| | 47,990 | 47,990 | 52,237 | 57,632 |
| Net Tangible Assets Per share (RM) | 3.34 | 1.09 | 1.08 | 1.20 |

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

1. The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only and are based on the audited accounts of the Jotech Group as at 31 December 1999.
2. The Proforma Consolidated Balance Sheets have been prepared based on accounting policies and bases consistent with those previously adopted in the preparation of the audited financial statements.
3. The Proforma Consolidated Balance Sheets incorporated the following transactions as though they were effected on 31 December 1999:-

Stage 1

Bonus issue of 20,037,110 new ordinary shares of RM1.00 each in Jotech Holdings Bhd. on the basis of approximately two (2) new ordinary shares for every one (1) existing ordinary share of RM1.00 each.

The bonus issue was effected through the capitalisation of RM15,456,475 from the Company's audited unappropriated profits and RM4,580,635 from the audited share premium reserve.

Stage 2

Rights issue of 4,246,723 new ordinary shares of RM1.00 each in Jotech Holdings Bhd. at an issue price of RM1.00 per ordinary share on the basis of approximately three (3) new ordinary shares for every seven (7) existing ordinary shares of RM1.00 each.

Stage 3

Public issue of 6,000,000 new ordinary shares of RM1.00 each in Jotech Holdings Bhd. at an issue price of RM2.10 per ordinary share and the Offer For Sale of 1,120,000 ordinary shares of RM1.00 each in Jotech at an offer price of RM2.10 per ordinary share.

Listing expenses estimated at RM1,100,000 will be set-off against share premium account.

X. FINANCIAL INFORMATION (Cont'd)

7. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS

(Prepared for inclusion in this Prospectus)

The Board of Directors
Jotech Holdings Berhad
Lot 3, Persiaran Kemajuan
Seksyen 16
40200 Shah Alam
Selangor Darul Ehsan

19 June 2000

Dear Sirs

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS OF JOTECH HOLDINGS BERHAD AND ITS SUBSIDIARY COMPANIES

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Jotech Holdings Berhad ("Jotech") and its subsidiary companies (hereinafter referred to as the "Jotech Group") as at 31 December 1999 for which the Directors are solely responsible, together with the notes thereon as set out in the Prospectus dated 26 June 2000 in connection with the Public Issue of 6,000,000 new ordinary shares of RM1.00 each in Jotech at an issue price of RM2.10 per ordinary share and the Offer for Sale of 1,120,000 ordinary shares of RM1.00 each in Jotech at an offer price of RM2.10 per ordinary share and the listing and quotation of the entire issued and fully paid-up share capital of Jotech on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the proforma consolidated balance sheets, together with the notes thereon, are presented on a basis consistent with the accounting policies normally adopted by the Jotech Group and are in the form suitable for inclusion in the abovementioned Prospectus.

Yours faithfully

KPMG
(No AF: 0758)
Public Accountants

Hew Lee Lam Sang
Partner
Approval Number 1862/10/01 (J)