
10. FINANCIAL INFORMATION OF THE GOLSTA GROUP (Cont'd)

10.3 Consolidated Profit Forecast together with Assumptions thereon

The Directors of GOLSTA **SYNERGY BERHAD** forecast that, in the absence of unforeseen circumstances, the consolidated profit **after** taxation for the year ending 31 December, 2000 will be approximately **as follows** :

| | |
|---|---------------|
| Consolidated profit after taxation (RM'000) | 9,706 |
| Number of ordinary shares in issue ('000) | 42,000 |
| Net earnings per share (sen) | 23.11 |

The principal assumptions upon which the above consolidated profit forecast have been made are as **follows** :

1. There will be no significant changes in the present principal activities and the **structure** of the Group;
2. There will be no significant changes to the prevailing Malaysian and world economic environment and political conditions which may directly or indirectly have an adverse effect on the activities or performance of the Group;
3. There will be no significant changes in the present legislations and government regulations adversely affecting the activities of the Group or the market in which it operates;
4. There will be no significant fluctuation in inflation rates and foreign currency exchange rates;
5. There will be no material increase in prices of raw materials, wages, costs of production and other related costs which will adversely affect the performance of the Group;
6. There will be no major industrial disputes, breakdown or disruptions in the production facilities, or other abnormal factors, both domestic and overseas which will adversely affect the activities and performance of the Group;
7. Existing financing facilities will remain available and the level of interest rates **will** not change materially from those prevailing. The Group will also be able to obtain additional financing facilities at interest rates approximate to those currently available to the Group;
8. Capital expenditure programmes are expected to take place according to schedule with no material changes to the costs or prices from the forecast levels;

10] FINANCIAL INFORMATION OF THE GOLSTA GROUP *(Cont'd)*

9. There will be no significant changes in the present income tax rate. It is also assumed that the Group will continue to enjoy reinvestment allowance incentive during the period covered by the forecast;
10. There will be no significant changes in management structure and accounting policies normally adopted by the companies within the Group;
11. The proceeds from the rights, special and public issues are expected to be received by July, 2000.

10. FINANCIAL INFORMATION OF THE GOLSTA GROUP (Cont'd)

10.4 Reporting Accountants' Letter on the Consolidated Profit Forecast
(Prepared for inclusion in this Prospectus)



Date : 22 JUNE. 2000

The Board of Directors
GOLSTA SYNERGY BERHAD
11, Jalan TTC 30
Taman Teknologi Cheng
75250 Melaka

Arthur Andersen & Co
Public Accountants
Graha Maju Bangunan PKNM
Tingkat 10 Lot 1
Jalan Graha Maju
75300 Melaka
Malaysia
Tel 606 2831399
Fax 606 2941799

Gentlemen

CONSOLIDATED PROFIT FORECAST

We have reviewed the accounting policies and calculations for the consolidated profit forecast of **GOLSTA SYNERGY BERHAD** ("Golsta") and its subsidiaries ("the Group") for which the Directors are solely responsible, for the year ending 31 December, 2000 as set out in the Prospectus in connection with the Special Issue of 2,600,000 new ordinary shares of RM1.00 each and Public Issue of 6,400,000 new ordinary shares of RM1.00 each in Golsta at an issue price of RM1.70 per share and the listing and quotation of the entire enlarged issued and paid-up share capital of Golsta comprising 42,000,000 ordinary shares of RM1.00 each 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 assumptions made by the Directors as set out in the Appendix to this letter and is presented on a basis consistent with the accounting policies normally adopted by the companies within the Group.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Arthur Andersen & Co', written over a horizontal line.

ARTHUR ANDERSEN & CO.

No. AF 0103

Public Accountants

A handwritten signature in black ink, appearing to read 'Bala Krishnan A/L Ponniah', written over a horizontal line.

BALA KRISHNAN A/L PONNIAH

No. 1394/7/01(J)

Partner of the Firm

10. FINANCIAL INFORMATION OF THE GOLSTA GROUP (Cont'd)

10.5 Dividend Forecast

On the basis of the consolidated profit forecast for the year ending 31 December 2000 and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged in consistent with the dividend policy of the Group in prior years, the Directors anticipate that they will be in a position to propose a tax exempt dividend of 5 sen per share for the year ending 31 December 2000, the intended appropriation for which will be as follows: -

| | RM'000 |
|---|---------------------|
| Consolidated profit before taxation but after minority interest | 11,807 |
| Less: Taxation | <u>(2,101)</u> |
| Consolidated profit after taxation and minority interest | 9,706 |
| Less: Proposed 5% tax exempts dividend | <u>(2,100)</u> |
| Retained profit | <u><u>7,606</u></u> |
| Net dividend cover (times) | 4.62 |
| Gross dividend yield based on the Issue Price of RM1.70 (%) | 2.94 |
| Net dividend yield based on the issue price of RM1.70 (%) | 2.94 |

| |
|--|
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11. **PROFORMA CONSOLIDATED BALANCE SHEETS** (*Prepared for inclusion in this prospectus*)**GOLSTA SYNERGY BERHAD****PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER, 1999**

The proforma consolidated balance sheets set out below are provided for illustrative purposes only to show the effects on the audited balance sheet of **GOLSTA SYNERGY BERHAD** ("Golsta") as at 31 December, 1999 assuming the restructuring and listing scheme was completed on the same date.

| | Audited balance sheet of Golsta as at 31.12.1999 RM'000 | Proforma | | | |
|--|---|---|---|--|---|
| | | I After incorporation of the Acquisitions RM'000 | II After I And Rights Issue RM'000 | III After II And Special Issue RM'000 | IV After III And Public Issue RM'000 |
| CURRENT ASSETS | | | | | |
| Cash and bank balances | 2 | 2,109 | 19,599 | 24,019 | 33,599 |
| Trade debtors | - | 7,695 | 7,695 | 7,695 | 7,695 |
| Other debtors, deposits and prepayments | - | 1,192 | 1,192 | 1,192 | 1,192 |
| Stocks | - | 3,644 | 3,644 | 3,644 | 3,644 |
| | 2 | 14,640 | 32,130 | 36,550 | 46,130 |
| CURRENT LIABILITIES | | | | | |
| Short term borrowings | - | 5,532 | 5,532 | 5,532 | 5,532 |
| Trade creditors | - | 3,189 | 3,189 | 3,189 | 3,189 |
| Other creditors and accruals | 2 | 1,399 | 1,399 | 1,399 | 1,399 |
| Hire purchase creditors | - | 459 | 459 | 459 | 459 |
| Tam loans | - | 651 | 651 | 651 | 651 |
| Taxation | - | 884 | 884 | 884 | 884 |
| Proposed dividends | - | 335 | 335 | 335 | 335 |
| | 2 | 12,449 | 12,449 | 12,449 | 12,449 |
| NET CURRENT ASSETS | | 2,191 | 19,681 | 24,101 | 33,681 |
| FIXED ASSETS | - | 34,908 | 34,908 | 34,908 | 34,908 |
| RESEARCH AND DEVELOPMENT GOODWILL ARISING ON CONSOLIDATION | - | 777 | 777 | 777 | 777 |
| INTANGIBLE ASSETS | 10 | 1,779 | 1,779 | 1,779 | 1,779 |
| HIRE PURCHASE CREDITORS | - | (305) | (305) | (305) | (305) |
| TERM LOANS | - | (5,752) | (5,752) | (5,752) | (5,752) |
| DEFERRED TAXATION | - | (1,293) | (1,293) | (1,293) | (1,293) |
| MINORITY INTERESTS | - | (105) | (105) | (105) | (105) |
| | 10 | 32,210 | 49,700 | 54,120 | 63,700 |
| SHAREHOLDERS' FUNDS | | | | | |
| SHARE CAPITAL | 10 | 22,069 | 33,000 | 35,600 | 42,000 |
| RESERVES | - | 10,141 | 16,700 | 18,520 | 21,700 |
| | 10 | 32,210 | 49,700 | 54,120 | 63,700 |
| Net tangible assets per share (RM) | - | 1.34 | 1.43 | 1.45 | 1.46 |

GOLSTA SYNERGY BERHAD**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**
AS AT 31 DECEMBER 1999

- 1] The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes based on the audited accounts of **Golsta**, Golsta Sdn. Bhd. ("**GSB**"), Foundry Engineering Corporation Sdn. Bhd. ("**FEC**"), **Golsta** Industries Sdn. Bhd. ("**GISB**"), GEM Asia Sdn. Bhd. ("**GASB**") as at 31 December, 1999. FEC, GISB and GASB are all subsidiaries of GSB and hereinafter **referred** to as "the GSB Group".

The Proforma Consolidated Balance Sheets incorporated the following transactions as though they were effected on 31 December, 1999.

- (i) Proforma I incorporates the following:
- (a) incorporation of revaluation surplus on landed properties of the GSB Group amounting to **RM6,570,912** based on the net book value as at 31 December, 1998;
 - (b) acquisition of the entire issued and paid-up share capital of the GSB Group for a purchase consideration of **RM22,058,879** which is to be satisfied by the issue of **22,058,879** new ordinary shares of **RM1.00** each at par in Golsta. The purchase consideration has been arrived at based on the audited net tangible assets as at 31 December, 1998 and adjusting for the revaluation surplus;
 - (c) all inter-company balances have been eliminated in arriving at the proforma consolidated balance sheets.
- (ii) Proforma II incorporates Proforma I and the rights issue of **10,931,121** new ordinary shares of **RM1.00** each in Golsta at an issue price of **RM1.60** per share on the basis of approximately 495.3 new ordinary shares of **RM1.00** each for every one thousand existing ordinary shares held after the proposed acquisition;
- (iii) Proforma III incorporates Proforma II and the special issue of **2,600,000** new ordinary shares of **RM1.00** each in Golsta at an issue price of **RM1.70** per share to Bumiputra investors.
- (iv) Proforma IV incorporates Proforma III and the public issue of **6,400,000** new ordinary shares of **RM1.00** each in Golsta at an issue price of **RM1.70** per share to the Malaysian public and eligible directors and employees;
- (v) The proforma Consolidated Balance Sheets have been prepared based on accounting policies and bases consistent with those previously adopted by the GSB Group;
- (vi) The Proforma Balance Sheets are prepared using the merger method of accounting.



2. The movement of the issued and paid-up share capital and reserves of **GOLSTA SYNERGY BERHAD** after taking into account the Proposed Acquisitions, Rights Issue, Special Issue and Public Issue are as follows:

(i) Share Capital

| | RM |
|--|-------------------|
| As at date of incorporation | 10,000 |
| Shares issued pursuant to the acquisition of GSB | 22,058,879 |
| Rights Issue | 10,931,121 |
| Special Issue | 2,600,000 |
| Public Issue | 6,400,000 |
| Per Proforma Consolidated Balance Sheet | <u>42,000,000</u> |

(ii) Reserves

| | Revaluation <u>Reserve</u> RM'000 | Retained <u>Profits</u> RM'000 | Share Premium <u>Account</u> RM'000 | <u>Total</u> RM'000 |
|--|---|--------------------------------------|--|------------------------|
| Balance after the proposed acquisition | 6,571 | 22,629 | - | 29,200 |
| Less : Merger reserve set off | <u>(6,571)</u> | <u>(12,488)</u> | - | (19,059) |
| Per Proforma I | | 10,141 | - | 10,141 |
| Share premium arising from rights issue | - | - | 6,559 | 6,559 |
| Per Proforma II | - | 10,141 | 6,559 | 16,700 |
| Share premium arising from special issue | - | - | 1,820 | 1,820 |
| Per Proforma III | - | 10,141 | 8,379 | 18,520 |
| Share premium arising from public issue | - | - | 4,480 | 4,480 |
| Less : Estimated listing expenses | - | - | (1,300) | (1,300) |
| | <u>-</u> | <u>10,141</u> | <u>11,559</u> | <u>21,700</u> |

- * The merger reserve arising from the acquisition of the GSB Group is as follows :

| | RM'000 |
|------------------------------|---------------|
| Par value of shares issued | 22,059 |
| Par value of shares acquired | (3,000) |
| | <u>19,059</u> |



12. **REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS** *(Prepared for inclusion in this prospectus)*



Date: 22 JUNE, 2000

The Board of Directors
GOLSTA SYNERGY BERHAD
11, Jalan TTC 30
Taman Teknologi Cheng
75250 **Melaka**

Arthur Andersen & Co
Public Accountants

Graha Map Bangunan PKNM
Tingkat 10 Lot 1
Jalan Graha Maju
75300 Melaka
Malaysia

Tel 606 2831399
Fax 606 2841799

Gentlemen


PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 1999

We have reviewed the Proforma Consolidated Balance Sheets of **GOLSTA SYNERGY BERHAD** ("Golsta") and its proposed subsidiaries ("the Group") as at 31 December, 1999, together with the notes thereon, for which the Directors are solely responsible, as set out in the Prospectus in connection with the Special Issue of **2,600,000** new ordinary shares of **RM1.00** each and Public Issue of **6,400,000** new ordinary shares of **RM1.00** each in Golsta at an issue price **RM1.70** per share and the listing and quotation of the entire enlarged issued and paid-up share capital of Golsta comprising **42,000,000** ordinary shares of **RM1.00** each on the Second Board of the **Kuala Lumpur** Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets together with the notes thereon, which are provided for illustrative purposes only, have been prepared on a basis consistent with the accounting policies normally adopted by the Group and are presented in a form suitable for inclusion in the prospectus.

Yours faithfully


ARTHUR ANDERSEN & CO.
No. AF 0103
Public Accountants


BALA KRISHNAN A/L PONNIAH
No. 1394/7/01(J)
Partner of the Firm