

10. FINANCIAL INFORMATION

10.1 Proforma Consolidated Income Statements

The summarised proforma consolidated income statements of the Group set out below are based on the audited financial statements of Acoustech and its subsidiary and associated companies, after making such adjustments considered necessary, for the five (5) financial years ended 31 March 2001. The summarised proforma consolidated income statements are presented on the assumption that the current structure of the Group had been in existence throughout the financial years under review.

	←-----Financial year ended 31 March-----→				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Revenue	42,225	114,378	207,158	194,686	275,022
Profit before interest, depreciation and taxation	5,689	16,852	18,532	19,253	19,907
Depreciation	(808)	(969)	(1,230)	(1,292)	(2,058)
Interest expense	(274)	(410)	(1,051)	(608)	(1,116)
Interest income	45	316	243	289	432
Operating profit	4,652	15,789	16,494	17,642	17,165
Share of profit of an associated company	-	-	-	-	601
Share of profit of a joint venture company	-	-	106	431	524
Profit before taxation	4,652	15,789	16,600	18,073	18,290
Taxation ¹	(1,430)	(4,205)	830	(4,788)	(3,557)
Profit after taxation	3,222	11,584	17,430	13,285	14,733
Minority interests	-	-	-	-	-
Extraordinary items (EI)	-	-	-	-	-
Profit after taxation, MI and EI	3,222	11,584	17,430	13,285	14,733
No. of ordinary shares assumed in issue ('000)	66,000	66,000	66,000	66,000	66,000
Gross EPS (sen)	7.05	23.92	25.15	27.38	27.71
Net EPS (sen)	4.88	17.55	26.41	20.13	22.32

¹ adjusted for under or over provision of taxation where relevant

Note: There were no extraordinary items for the financial years disclosed above.

10. FINANCIAL INFORMATION (Cont'd)Commentary on the financial highlights

- (1) The substantial increase in revenue and PBT in FY1998 was mainly attributable to the proforma Group securing a major overseas customer, namely Boston Acoustics Ltd for multimedia speaker systems.
- (2) The revenue and PBT for FY1999 improved due to the impact of the depreciation of the RM against the USD on the Group's export sales which were denominated in USD.

Despite the increase in revenue, gross profit margin decreased from 16.2% in FY1998 to 10.5% in FY1999. The reduction was mainly caused by the increase in the cost of imported raw materials for various products subsequent to the weakening of the RM against other major foreign currencies, such as the USD and Japanese Yen, and the increase in sub-contractors' cost for the production of certain components.

- (3) The slight decrease of 6% in revenue in FY2000 compared to FY1999 was largely due to the higher revenue for FY1999 arising from overseas sales at a favourable USD exchange rate prior to the currency peg in 1998. However, the PBT increased by 9% due to higher demand for higher margin products.
- (4) For FY2001, revenue increased by 41% due to increased in orders for multimedia media speaker systems. The corresponding PBT however increased by 1% due to the sale of lower margin products, higher depreciation charge and interest expense.

10.2 Segmental Analysis of Revenue and Profit***Analysis of revenue by companies***

Company	< -----Year ended 31 March ----->				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Acoustech	-	-	-	-	-
FPT	36,035	105,378	193,366	173,201	249,692
FPC	6,190	9,000	13,792	21,485	25,330
Proforma consolidated revenue	42,225	114,378	207,158	194,686	275,022

10. FINANCIAL INFORMATION (Cont'd)***Analysis of profit before taxation by companies***

Company	-----Year ended 31 March-----				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Acoustech	-	-	-	(5)	(3)
FPT	3,040	13,621	13,911	11,853	11,321
FPC	1,612	2,168	2,689	6,225	6,972
Proforma consolidated profit before taxation	4,652	15,789	16,600	18,073	18,290

10.3 Impact of Interest Rates on Operating Profit

The impact of interest rates on operating profit is minimal as the Group has a low gearing level for the past five (5) financial years ended 31 March 2001. The interest cover as compared to operating profit before depreciation, interest and taxation ranged between 17.63 times to 41.10 times.

The following table sets out the interest expense and profits before depreciation, interest and taxation for the past five (5) financial years ended 31 March 2001:

	-----Year ended 31 March-----				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Interest expense	(274)	(410)	(1,051)	(608)	(1,116)
Profit before depreciation, interest and taxation	5,689	16,852	18,532	19,253	19,907
Interest coverage (times)	20.76	41.10	17.63	31.67	17.84

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10. FINANCIAL INFORMATION (Cont'd)

10.4 Directors' Declaration on Financial Performance

As at 17 September 2001, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (ii) Material commitment for capital expenditure;
- (iii) Unusual infrequent events or transactions or any significant economic changed that materially affected the financial performance, position and operations of the Acoustech Group;
- (iv) Known trends, circumstance, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

10.5 Working Capital, Borrowings, Contingent Liabilities and Capital Commitments

(i) Working Capital

The Directors of Acoustech are of the opinion that after taking into account the cashflow projections and the banking facilities available, the Company and its subsidiary companies will have adequate working capital for its foreseeable future requirements.

(ii) Borrowings

As at 17 September 2001, (being the last practicable date of which, such amounts could be calculated prior to the printing of this Prospectus), the total utilised bank borrowings, overdrafts and banking facilities by the Group amounted to approximately RM39,895,000.

Save as above, the Group does not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding.

(iii) Contingent Liabilities

As at 17 September 2001, (being the last practicable date at which such amounts can be calculated prior to the printing of this Prospectus), the Group does not have any outstanding contingent liabilities. The Group does not have any other loan capital outstanding or created but unissued.

(iv) Capital Commitments

As at 17 September 2001, (being the last practicable date at which such amounts can be calculated prior to the printing of this Prospectus), the Company and its subsidiary companies have entered into commitments for property plant and equipment totalling RM4,399,000.

10. FINANCIAL INFORMATION (Cont'd)

10.6 Consolidated Profit Forecast and Assumptions

The Directors of Acoustech forecast that, barring unforeseen circumstances, the consolidated profit before and after taxation for the year ending 31 March 2002 will be as follows:

	Financial year ending 31 March 2002 RM'000
Revenue	<u>251,839</u>
Consolidated profit before taxation	22,452
Taxation	<u>(6,113)</u>
Consolidated profit after taxation	<u>16,339</u>
Gross EPS (sen)	
-Based on the weighted average number of ordinary shares in issue of 71,000,000 assuming completion of the Public Issue by 5 November 2001	31.62
-Based on the enlarged share capital of 78,000,000	28.78
Gross PE Multiple (times) (based on the Public Issue Price of RM1.60 per share)	
-Based on the weighted average number of ordinary shares in issue of 71,000,000 assuming completion of the Public Issue by 5 November 2001	5.06
-Based on the enlarged share capital of 78,000,000	5.56
Net EPS (sen)	
-Based on the weighted average number of ordinary shares in issue of 71,000,000 assuming completion of the Public Issue by 5 November 2001	23.01
-Based on the enlarged share capital of 78,000,000	20.95
Net PE Multiple (times) (based on the Public Issue Price of RM1.60 per share)	
-Based on the weighted average number of ordinary shares in issue of 71,000,000 assuming completion of the Public Issue by 5 November 2001	6.95
-Based on the enlarged share capital of 78,000,000	7.64

The principal assumptions upon which the consolidated profit forecast has been made, are set out in the Reporting Accountants' letter which is set out in Section 10.7 of this Prospectus.

10. FINANCIAL INFORMATION (Cont'd)

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



BDO Binder
Public Accountants

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Our Ref : BDOB/DS/YKF/THS

17 September 2001

The Board of Directors
Acoustech Berhad
Suite 1701, 17th Floor
Wisma Hamzah-Kwong Hing
No. 1, Leboh Ampang
50100 Kuala Lumpur

Dear Sirs

CONSOLIDATED PROFIT FORECAST

We have reviewed the accounting policies and calculations for the consolidated profit forecast of Acoustech Berhad and its subsidiary companies ("the Group"), for which the Directors are solely responsible, for the financial year ending 31 March 2002 as set out in the accompanying statement for the purpose of inclusion in the Prospectus to be dated 27 September 2001 in connection with the Public Issue of 12,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.60 per ordinary share payable in full on application in conjunction with the listing of and quotation for the entire issued and paid-up share capital of Acoustech Berhad 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 accompanying statement and are presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully

BDO Binder

BDO BINDER
AF : 0206
Public Accountants

Siew Kah Toong
1045/3/02(J)
Partner

10. FINANCIAL INFORMATION (Cont'd)

**ACOUSTECH BERHAD ("ACOUSTECH")
 CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING
 31 MARCH 2002 TOGETHER WITH THE PRINCIPAL BASES AND ASSUMPTIONS
 THERETO**

The Directors of Acoustech forecast that, barring unforeseen circumstances, the consolidated profit after taxation for the financial year ending 31 March 2002 will be approximately as follows:-

	Financial year ending 31 March 2002 RM'000
Revenue	<u>251,839</u>
Consolidated profit before taxation	22,452
Taxation	(6,113)
Consolidated profit after taxation	<u>16,339</u>

Gross EPS (sen)

- Based on the weighted average number of ordinary shares in issue of 71,000,000 assuming completion of the Public Issue by 5 November 2001 31.62
- Based on the enlarged share capital of 78,000,000 28.78

Gross PE Multiple (times)

(based on the Public Issue price of RM1.60 per share)

- Based on the weighted average number of ordinary shares in issue of 71,000,000 assuming completion of the Public Issue by 5 November 2001 5.06
- Based on the enlarged share capital of 78,000,000 5.56

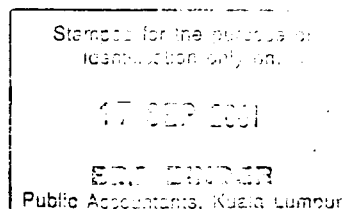
Net EPS (sen)

- Based on the weighted average number of ordinary shares in issue of 71,000,000 assuming completion of the Public Issue by 5 November 2001 23.01
- Based on the enlarged share capital of 78,000,000 20.95

Net PE Multiple (times)

(based on the Public Issue price of RM1.60 per share)

- Based on the weighted average number of ordinary shares in issue of 71,000,000 assuming completion of the Public Issue by 5 November 2001 6.95
- Based on the enlarged share capital of 78,000,000 7.64



10. FINANCIAL INFORMATION (Cont'd)

The principal bases and assumptions upon which the above consolidated profit forecast has been made are as follows: -

1. There will be no significant changes in current demand and in the prevailing market, economic and political conditions in Malaysia and elsewhere in which Acoustech and its subsidiary companies ("the Group") operate which will adversely affect the profit of the Group.
2. There will be no significant changes in the forecasted average selling prices and sale volume of the products of the Group that will adversely affect the performance of the Group. Thus the projected growth will be sustained.
3. There will be no significant changes in the legislation or Government regulations including tariffs, duties, rates and bases of taxes by the relevant authorities, which will adversely affect the operations of the Group.
4. There will be no significant fluctuations in the prevailing exchange rates of foreign currencies against Ringgit Malaysia. The foreign exchange rate are estimated to be USD1.00 : RM3.80, JP¥100.00 : RM3.2810, HKD1.00 : RMB1.07 and HKD1.00 : RM0.4881.
5. Existing and new financing facilities will remain available to the Group as and when required. The interest rates of the financing facilities will not change significantly from the existing market interest rate.
6. There will be continuity in the existing management and there will be no material changes in the existing accounting, management and operating policies adopted by the Group. The results for the Group are consolidated under the principles of merger accounting.
7. Production efficiency will be achieved as targeted. There will be no major breakdown or disruption in the Group's manufacturing facilities arising from industrial disputes, labour shortages or other abnormal factors both domestic and overseas, including exceptional bad debts which will adversely affect the operations of the Group.
8. Capital expenditure programs will be implemented and incurred on schedule and there will be no material acquisitions or disposals of property, plant and equipment other than those planned.
9. There will be no significant changes in the prevailing cost of raw materials, labour and overheads which will adversely affect the profit of the Group.
10. There will be no material changes on the existing customer base and product mix of the Group.
11. The taxation is provided on the assumption that the Reinvestment Allowance on qualifying assets would be obtained. There will be no material change in the existing statutory tax rate of 28%.

