

## **10. FINANCIAL INFORMATION (Cont'd)**

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### **10.8 Directors' Analysis of Profit Forecast**

The Group intends to secure more customers for its multimedia speaker systems division. Accordingly, the Group is proposing to participate in exhibitions and trade shows to enhance its image as an international manufacturer of established brands and to increase its efforts in research and development as part of its expansion drive to create and input more technological innovation and design into the final product. The Group has forecast its revenue to drop from a proforma Group of RM275 million in 2001 to RM252 million in 2002 or a 8% decrease as a result of a change in product mix. The Group's revenue will mainly come from the contribution of the multimedia speaker system division that is expected to register revenue of approximately RM110 million for the financial year ending 31 March 2002.

During the year, the Group plans to purchase machineries and factory equipment totalling RM0.80 million. These machineries and equipment would enable the Group to automate further and thus improve the production process by cutting down defect rate. This will be in line with stronger quality control in producing new high-end multimedia speaker systems. The machineries are expected to benefit the Group in terms of lower production cost and higher rate of production.

Further, with the chemical paint division undertaking an expansion to Johor, the electrical and electronics market in Johor and the surrounding industrial regions may be further captured. Revenue is anticipated to increase by 1% to RM25.6 million and as a result the profit before tax contribution from FPC will reach RM5.3 million.

Gearing for the Group is expected to improve from a proforma of 24% to 8% as a result of the retirement of borrowings taken for the construction of the new corporate office cum factory in Sungai Petani. Part of the proceeds from the Public Issue used to retire borrowings of RM9.0 million will result in interest savings of approximately RM630,000 per annum assuming an interest rate of 7% per annum. The Public Issue will also raise an additional RM4.0 million for working capital and hence this is expected to improve the liquidity and cash flow of the Group.

With the above forecast in revenue for the year, the Group expects to achieve a profit before taxation of RM22.4 million, which represents an increase of 23% over 2001. Based on the assumptions set out in Section 10.7 of this Prospectus and barring any severe downturn in the global economy, the Directors of Acoustech are of the opinion that the abovementioned forecast is achievable.

**10. FINANCIAL INFORMATION (Cont'd)****10.9 Sensitivity Analysis**

A sensitivity analysis on Acoustech Group's forecast PBT and PAT for the financial year ending 31 March 2002 based on the deviations of 5.0% and 7.5% of the Group's revenue, selling price and raw material costs are as follows:

**(i) Variations in Revenue**

	Forecast for Financial Year Ending 31 March 2002			
	Profit before taxation		Profit after taxation	
	RM'000	% change	RM'000	% change
As forecasted	22,452		16,339	
Increase 7.5%	25,216	12	18,350	12
Increase 5.0%	24,295	8	17,680	8
Decrease 5.0%	20,609	8	14,997	8
Decrease 7.5%	19,687	12	14,327	12

**(ii) Variations in Selling Price**

	Forecast for Financial Year Ending 31 March 2002			
	Profit before taxation		Profit after taxation	
	RM'000	% change	RM'000	% change
As forecasted	22,452		16,339	
Increase 7.5%	41,340	84	30,084	84
Increase 5.0%	35,044	56	25,502	56
Decrease 5.0%	9,860	56	7,175	56
Decrease 7.5%	3,564	84	2,593	84

**(iii) Variations in Raw Material Cost**

	Forecast for Financial Year Ending 31 March 2002			
	Profit before taxation		Profit after taxation	
	RM'000	% change	RM'000	% change
As forecasted	22,452		16,339	
Increase 7.5%	7,365	67	5,359	67
Increase 5.0%	12,394	45	9,019	45
Decrease 5.0%	32,510	45	23,658	45
Decrease 7.5%	37,538	67	27,318	67

**10. FINANCIAL INFORMATION (Cont'd)****10.10 Dividend Forecast and Policy**

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

The Directors of Acoustech anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a tax exempt dividend of 5 sen per Acoustech Share for the financial year ending 31 March 2002 based on the enlarged issued and paid-up share capital of 78,000,000 Acoustech Shares.

The intended appropriation of the consolidated profit forecast for the financial year ending 31 March 2002 will be as follows:

	<b>Financial year ending 31 March 2002 RM'000</b>
Consolidated profit before tax	22,452
Less: Taxation	<u>(6,113)</u>
Consolidated profit after tax before minority interest	16,339
Minority interest	<u>-</u>
Consolidated profit after tax and minority interest	16,339
Less: Proposed tax-exempt dividend of 5 sen per share*	<u>(3,900)</u>
Consolidated profit retained for the year	<u>12,439</u>
Net EPS (sen)	20.95
Tax exempt dividend per share (sen)	5.0
Net dividend yield based on the Public Issue Price of RM1.60 per share (%)	3.13
Net dividend cover (times)	4.19

\*The Company has sufficient tax-exempt credit under Section 108 of the Income Tax Act, 1967.

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**10. FINANCIAL INFORMATION (Cont'd)**

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**10.11 Proforma Consolidated Balance Sheet**  
*(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, 17<sup>th</sup> Floor  
Wisma Hamzah-Kwong Hing  
No. 1, Leboh Ampang  
50100 Kuala Lumpur

Dear Sirs

**PROFORMA CONSOLIDATED BALANCE SHEETS**

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We have reviewed the presentation of the proforma consolidated balance sheets of Acoustech Berhad and its subsidiary companies ("the Group") as at 31 March 2001 together with the accompanying notes thereto, for which the Directors are solely responsible, as set out 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 proforma consolidated balance sheets which are prepared for illustration purposes only, have been properly compiled on the basis set out in the notes to the proforma consolidated balance sheets.

Yours faithfully

*BDO Binder*

**BDO Binder**  
AF : 0206  
Public Accountants

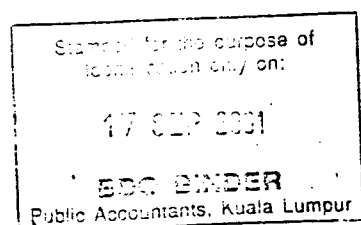
**Siew Kah Toong**  
1045/3/02(J)  
Partner

**10. FINANCIAL INFORMATION (Cont'd)****ACOUSTECH BERHAD ("ACOUSTECH")  
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2001  
TOGETHER WITH THE NOTES THERETO**

	(I)	(II)	(III)
			After (II) and utilisation of proceeds from the Public Issue
(Audited) As at 31 March 2001 RM'000	After Acquisitions RM'000	After (I) and Public Issue RM'000	RM'000
<b>PROPERTY, PLANT AND EQUIPMENT</b>	-	32,061	36,261
<b>INVESTMENT IN AN ASSOCIATED COMPANY</b>	-	3,408	3,408
<b>INVESTMENT IN A JOINT VENTURE COMPANY</b>	-	646	646
<b>CURRENT ASSETS</b>			
Inventories	-	15,899	15,899
Trade receivables	-	69,388	69,388
Other receivables, deposits and prepayments	-	4,824	4,287
Fixed deposits with licensed banks	-	8,295	8,295
Cash and bank balances	*	12,625	19,226
	*	111,031	117,095
<b>CURRENT LIABILITIES</b>			
Trade payables	-	27,341	27,341
Other payables and accruals	8	5,540	5,541
Short term borrowings	-	16,506	14,871
Taxation	-	1,342	1,342
	8	50,729	49,095
<b>NET CURRENT (LIABILITIES) / ASSETS</b>	(8)	60,302	68,000
	(8)	96,417	108,315
<b>SHARE CAPITAL</b>	**	66,000	78,000
<b>SHARE PREMIUM</b>	-	-	5,200
<b>RESERVES</b>	(8)	23,673	23,673
<b>SHAREHOLDERS' EQUITY</b>	(8)	89,673	106,873
<b>DEFERRED TAXATION</b>	-	1,442	1,442
<b>TERM LOAN (SECURED)</b>	-	5,302	-
	(8)	96,417	108,315
<b>Net Tangible (Liabilities) / Assets ["(NTL)"/ "NTA"] (RM'000)</b>	(8)	89,673	106,873
<b>Number of shares ('000)</b>	**	66,000	78,000
<b>(NTL) / NTA per share (RM)</b>	(4,100.00)	1.36	1.37

\* Represents RM2.00

\*\* This represents the 2 subscribers' shares of RM1.00 each



**10. FINANCIAL INFORMATION (Cont'd)****Notes to the proforma consolidated balance sheets as at 31 March 2001**

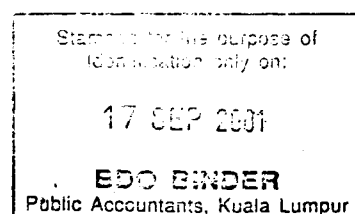
The proforma consolidated balance sheets of Acoustech, for which the Directors are solely responsible, have been prepared based on the audited balance sheets of Acoustech and its subsidiary companies as at 31 March 2001 and accounting principles and basis consistent with those previously adopted in the preparation of audited financial statements and are provided for illustrative purpose only, to show the effects of the following events on the assumption that they are completed on 31 March 2001:-

***Proforma I***

The proforma consolidated balance sheet is stated after:-

- (a) the incorporation of net revaluation surplus of RM785,226 arising from the revaluation of the Group's landed properties; and
- (b) the incorporation of the following proposed acquisitions by Acoustech under the principles of merger accounting:-
  - (i) Acquisition of 100% of the issued and paid-up share capital of Formosa Prosonic Technics Sdn. Bhd. ("FPT") comprising 33,300,000 ordinary shares of RM1.00 each for RM58,779,442 to be satisfied by an issue of 49,432,351 new ordinary shares of RM1.00 each in Acoustech at approximately RM1.1891 per new ordinary share; and
  - (ii) Acquisition of 100% of the issued and paid-up share capital of Formosa Prosonic Chemicals Sdn. Bhd. comprising 11,000,000 ordinary shares of RM1.00 each for RM19,700,399 to be satisfied by an issue of 16,567,647 new ordinary shares of RM1.00 each in Acoustech at approximately RM1.1891 per new ordinary share.
- (c) the incorporation of the cash acquisition of 100% of the issued and paid-up share capital of Hot Track Limited comprising 2 ordinary shares of USD1.00 each for USD2.00 by FPT under the principles of acquisition accounting; and
- (d) the written off of merger deficit to reserves as follows:-

	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
As at 1 April 2000	-	(8)	(8)
Arising from the acquisition of subsidiary companies	785	44,596	45,381
Written off of merger deficit	(785)	(20,915)	(21,700)
As per Proforma I	-	23,673	23,673



**10. FINANCIAL INFORMATION (Cont'd)**

*Proforma II*

The proforma consolidated balance sheet is stated after Proforma I and incorporation of the Public Issue of 12,000,000 new ordinary shares of RM1.00 each in Acoustech at RM1.60 per ordinary share payable in full on application. The estimated listing expenses of RM2,000,000 have been set-off against the share premium.

*Proforma III*

The proforma consolidated balance sheet is stated after Proforma II and the gross proceeds of RM19,200,000 raised from the Public Issue which is intended to be utilised as follows:-

	RM
Purchase of land and factory building for the purpose of a new chemical paint factory in Johor	4,200,000
Retirement of borrowings for the construction of new corporate office / factory in Sungai Petani	9,000,000
Working capital	4,000,000
Estimated listing expenses	2,000,000
	19,200,000

Stamps for the purpose of  
identification only on:

17 SEP 2001

**BDO BINDER**  
Public Accountants, Kuala Lumpur