

APPENDIX IV

PROFORMA CONSOLIDATED BALANCE SHEET OF ASB AS AT 31 DECEMBER 1998 AND THE REPORTING ACCOUNTANTS' LETTER RELATING THERETO

| | Audited as at 31 December 1998 RM'000 | ← PROFORMA → | | | |
|---|---|---|---|--|--|
| | | (A) After the Issue of CLS and RLS with warrants, but before exercise of warrants RM'000 | (B) After (A) and the full exercise of the warrants RM'000 | (C) After (B) and the full Conversion of CLS RM'000 | (D) After (C) and the full Redemption of RLS RM'000 |
| ASSETS EMPLOYED | | | | | |
| Fixed assets | 434,027 | 434,027 | 434,027 | 434,027 | 434,027 |
| Interest in unconsolidated subsidiary companies | 48,936 | 48,936 | 48,936 | 48,936 | 48,936 |
| Interest in associated companies | 574,998 | 574,998 | 574,998 | 574,998 | 574,998 |
| Land held for development | 13,687 | 13,687 | 13,687 | 13,687 | 13,687 |
| Investment securities | 1,124,294 | 1,124,294 | 1,124,294 | 1,124,294 | 1,124,294 |
| Goodwill on consolidation | 209,904 | 209,904 | 209,904 | 209,904 | 209,904 |
| Purchased goodwill | 1,776 | 1,776 | 1,776 | 1,776 | 1,776 |
| Expenditure carried forward | 28,754 | 28,754 | 28,754 | 28,754 | 28,754 |
| CURRENT ASSETS | | | | | |
| Development properties and expenditure | 44,498 | 44,498 | 44,498 | 44,498 | 44,498 |
| Stocks | 37,720 | 37,720 | 37,720 | 37,720 | 37,720 |
| Debtors | 405,801 | 405,801 | 405,801 | 405,801 | 405,801 |
| Statutory deposits with Bank Negara Malaysia | 185,033 | 185,033 | 185,033 | 185,033 | 185,033 |
| Loans, advances and financing | 4,296,370 | 4,296,370 | 4,296,370 | 4,296,370 | 4,296,370 |
| Dealing securities | 63,501 | 63,501 | 63,501 | 63,501 | 63,501 |
| Deposits with financial institutions | 193,703 | 193,703 | 193,703 | 193,703 | 193,703 |
| Cash and short term funds | 587,718 | 585,718 | 754,614 | 754,614 | 568,740 |
| | 5,814,344 | 5,812,344 | 5,981,240 | 5,981,240 | 5,795,366 |

ADVANCE SYNERGY BERHAD (1225-D)
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 1998 (Cont'd)

| | ← PROFORMA → | | | |
|---|--|--|---|---|
| | (A) | (B) | (C) | (D) |
| Audited as at 31 December 1998 RM'000 | After the Issue of CLS and RLS with warrants, but before exercise of warrants RM'000 | After (A) and the full exercise of the warrants RM'000 | After (B) and the full Conversion of CLS RM'000 | After (C) and the full Redemption of RLS RM'000 |
| LESS: CURRENT LIABILITIES | | | | |
| Creditors | 315,465 | 315,465 | 315,465 | 315,465 |
| Short term borrowings | 1,129,099 | 860,932 | 860,932 | 860,932 |
| Securities sold under repurchase agreements | 63,149 | 63,149 | 63,149 | 63,149 |
| Deposits and placements of banks and other financial institutions | 1,009,576 | 1,009,576 | 1,009,576 | 1,009,576 |
| Deposits from customers | 4,314,099 | 4,314,099 | 4,314,099 | 4,314,099 |
| Taxation | 16,677 | 16,677 | 16,677 | 16,677 |
| | <u>6,848,065</u> | <u>6,579,898</u> | <u>6,579,898</u> | <u>6,579,898</u> |
| NET CURRENT LIABILITIES | <u>(1,033,721)</u> | <u>(767,554)</u> | <u>(598,658)</u> | <u>(784,532)</u> |
| | <u>1,402,655</u> | <u>1,668,822</u> | <u>1,837,718</u> | <u>1,651,844</u> |
| FINANCED BY | | | | |
| Share capital | 337,794 | 337,794 | 506,690 | 687,713 |
| Share premium | 432,423 | 430,423 | 430,423 | 466,627 |
| Accumulated loss | (222,218) | (222,218) | (222,218) | (254,098) |
| Other reserves | 30,660 | 30,660 | 30,660 | 30,660 |
| Stockholders' funds | 578,659 | 576,659 | 745,555 | 930,902 |
| Minority interests | 324,035 | 324,035 | 324,035 | 324,035 |
| Subordinated certificates of deposit | 50,000 | 50,000 | 50,000 | 50,000 |
| Exchangeable subordinated capital loan | 317,000 | 317,000 | 317,000 | 317,000 |
| Term loans | 119,887 | 16,833 | 16,833 | 16,833 |
| Deferred income | 1,007 | 1,007 | 1,007 | 1,007 |
| Hire purchase creditors | 10,547 | 10,547 | 10,547 | 10,547 |
| Deferred taxation | 1,520 | 1,520 | 1,520 | 1,520 |
| 7% Redeemable loan stocks | - | 185,874 | 185,874 | - |
| 7% Convertible loan stocks | - | 185,347 | 185,347 | - |
| | <u>1,402,655</u> | <u>1,668,822</u> | <u>1,837,718</u> | <u>1,651,844</u> |
| Net Tangible Assets per stock unit (RM) | 1.00 | 1.00 | 1.00 | 1.00 |

ADVANCE SYNERGY BERHAD (1225-D)
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

1. The Proforma Consolidated Balance Sheets have been presented for illustrative purposes only and have been based on the audited balance sheet of ASB Group as at 31 December 1998.
2. The Proforma Consolidated Balance Sheets have been prepared based on accounting principles and basis consistent with those previously adopted in the preparation of the audited financial statements of ASB Group and on the assumption that the following transactions have been effected on 31 December 1998:-

Proforma (A)

This incorporates the following transactions: -

- (a) Proposed issuance of approximately RM126,544,751, AUD1,041,917 and USD14,946,753 (a total of RM185,874,269 equivalent) nominal value 5-year 7% redeemable loan stocks ("RLS") by ASB in exchange for the bank borrowings of ASB and its five subsidiary companies equivalent to the sum of approximately RM185,874,269 due and owing to the identified financial institutions. A total of 84,568,264 warrants will be issued with the RLS and immediately detached for the Proposed ROS;
- (b) Proposed issuance of approximately RM98,278,428, AUD7,527,788 and USD18,099,061 (a total of RM185,347,385 equivalent) nominal value (or such adjusted amount to take into account any fluctuation in interest rates on the amount due and owing to the identified financial institutions up to 30 April 2000 and/or any interest that will accrue from 1 May 2000 up to the date of issue of the RLS/CLS) of 5-year 7% convertible loan stocks ("CLS") in exchange for the balance of the bank borrowings of ASB and its five subsidiary companies equivalent to the sum of approximately RM185,347,385 due and owing to the identified financial institutions (or such adjusted amount to reflect the aforementioned adjustment in the balance outstanding). A total of 84,328,545 warrants will be issued with the CLS and immediately detached for the Proposed ROS; and
- (c) Proposed ROS by the identified financial institutions for sale of the rights to allotment of up to a maximum of 168,896,809 warrants to the entitled stockholders of ASB, on the basis of one (1) warrant for every two (2) existing stock units of RM1.00 each held in ASB on a date to be determined later, at a proposed offer price of RM0.20 per warrant.

The estimated expenses relating to the proposals of RM2,000,000 are deducted from the existing Share Premium Account.

Proforma (B)

This incorporates the transactions in Proforma (A) and assuming the full exercise of the 168,896,809 warrants to subscribe for 168,896,809 new stock units on the basis of one (1) new stock unit of RM1.00 each for every one (1) warrant exercised, at the exercise price of RM1.00 each to be satisfied by cash.

The proceeds from the exercise of the 168,896,809 warrants which are expected to be RM168,896,809 will be used by ASB to redeem/repurchase part of the RLS and/or CLS.

Proforma (C)

This incorporates Proforma (A), (B) and the full conversion of approximately RM185,347,385 nominal value of CLS together with the cumulative coupon rate of 4% up to the respective date of conversion, to be satisfied by tendering the CLS for cancellation without any cash payment at the conversion price of RM1.20 per stock unit resulting in the issue of approximately 181,022,612 new stock units of RM1.00 each and share premium of RM36,204,522 illustrated as follows:-

| Conversion Period | CLS to be Converted % | RM'000 | Accumulated 4% Coupon RM'000 | Total Converted RM'000 | Number of Stock Units to be Issued '000 | Share Premium Arising from Conversion of CLS RM'000 |
|--|-----------------------------|----------------|------------------------------------|------------------------------|--|---|
| Commencing from end of the third year from the date of issue | 20 | 37,069 | 4,448 | 41,517 | 34,598 | 6,919 |
| Commencing from end of fourth year from the date of issue | 30 | 55,604 | 8,897 | 64,501 | 53,751 | 10,750 |
| At end of fifth year from the date of issue | 50 | 92,674 | 18,535 | 111,209 | 92,674 | 18,535 |
| | | <u>185,347</u> | <u>31,880</u> | <u>217,227</u> | <u>181,023</u> | <u>36,204</u> |

The accumulated 4% coupon interest on the CLS up to the respective date of conversion is charged out to the profit and loss account upon conversion of the CLS into ASB new stock units.

Proforma (D)

This incorporates Proforma (A), (B), (C) and the full redemption of RM185,874,269 nominal value of RLS to be satisfied by cash.

3. The movement in the share capital and share premium after taking into account the above transactions are as follows: -

| | Share Capital RM'000 | Share Premium RM'000 |
|--------------------------------|---------------------------------|---------------------------------|
| Balance as at 31 December 1998 | 337,794 | 432,423 |
| Issue of CLS and RLS | <u>-</u> | <u>(2,000)*</u> |
| Balance as per Proforma (A) | 337,794 | 430,423 |
| Full exercise of the warrants | <u>168,896</u> | <u>-</u> |
| Balance as per Proforma (B) | 506,690 | 430,423 |
| Full conversion of CLS | <u>181,023</u> | <u>36,204</u> |
| Balance as per Proforma (C) | <u>687,713</u> | <u>466,627</u> |

* *Estimated expenses relating to the proposals*



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Date : 7 April 2000

The Board of Directors
Advance Synergy Berhad
Level 29, Menara Shahzan Insas
30, Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 1998

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Advance Synergy Berhad ("ASB") and its subsidiary and associated companies ("ASB Group") as at 31 December 1998, together with the accompanying notes for which the Directors are solely responsible, as set out in the accompanying financial statement for the purpose of inclusion in the circular to the stockholders of ASB in connection with the Proposed Restructuring of Bank Borrowings owing to the identified financial institutions tentatively estimated to be RM371,221,654 calculated up to 30 April 2000 and the Proposed Renounceable Restricted Offer for Sale ("Proposed ROS") via the implementation of the following: -

- (a) Proposed issuance of approximately RM126,544,751, AUD1,041,917 and USD14,946,753 (a total of RM185,874,269 equivalent) nominal value 5-year 7% redeemable loan stocks ("RLS") by ASB in exchange for the bank borrowings of ASB and its five subsidiary companies equivalent to the sum of approximately RM185,874,269 due and owing to the identified financial institutions. A total of approximately 84,568,264 warrants will be issued with the RLS and immediately detached for the Proposed ROS;
- (b) Proposed issuance of approximately RM98,278,428, AUD7,527,788 and USD18,099,061 (a total of RM185,347,385 equivalent) nominal value (or such adjusted amount to take into account any fluctuation in interest rates on the amount due and owing to the identified financial institutions up to 30 April 2000 and/or any interest that will accrue from 1 May 2000 up to the date of issue of the RLS/CLS) of 5-year 7% convertible loan stocks ("CLS") in exchange for the balance of the bank borrowings of ASB and its five subsidiary companies equivalent to the sum of approximately RM185,347,385 due and owing to the identified financial institutions (or such adjusted amount to reflect the aforementioned adjustment in the balance outstanding). A total of 84,328,545 warrants will be issued with the CLS and immediately detached for the Proposed ROS; and

- (c) Proposed ROS by the identified financial institutions for sale of the rights to allotment of up to a maximum of 168,896,809 warrants to the entitled stockholders of ASB, on the basis of one (1) warrant for every two (2) existing stock units of RM1.00 each held in ASB on a date to be determined later, at a proposed offer price of RM0.20 per warrant.

In our opinion, the Proforma Consolidated Balance Sheets of ASB as at 31 December 1998 which are provided for illustrative 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 of the firm