

12.0 FINANCIAL INFORMATION

12.1 Historical Financial Information

12.1.1 SIB Group

The following table sets out the consolidated financial statements in respect of SIB Group based on the audited financial statements of SIB, SILK and Salient Million for the financial years ended 31 December 1998 to 31 December 2002 and the six month financial period ended 30 June 2003, and in accordance with the principles of merger accounting, have been presented on the basis that their combination had been in effect throughout the periods under review. The table should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 13 of this Prospectus.

	Financial year ended 31 December					6 months to
	1998	1999	2000	2001	2002	30 June
	RM'000	RM'000	RM'000	RM'000	RM'000	2003
						RM'000
Revenue	-	-	-	-	-	-
Loss before depreciation and borrowing cost	-	-	(118)	(1,103)	(2,866)	(997)
Depreciation	-	-	-	(58)	(335)	(181)
Interest expense	-	-	-	-	(54)	(54)
Interest income	-	-	-	-	-	-
LBT	-	-	(118)	(1,161)	(3,255)	(1,232)
Taxation	-	-	-	281	775	(806)
LAT before MI	-	-	(118)	(880)	(2,480)	(2,038)
MI	-	-	-	-	-	-
LAT	-	-	(118)	(880)	(2,480)	(2,038)
Number of shares in issue ('000)	-	-	-	-	120,000	120,000
Weighted average number of shares in issue during the period ('000) ^b	5,000	5,000	5,000	46,589	120,000	120,000
Gross LPS (RM) ^c	-	-	(0.02)	(0.02)	(0.03)	(0.01)
Net LPS (RM) ^c	-	-	(0.02)	(0.02)	(0.02)	(0.02)
Gross dividend per share (RM)	-	-	-	-	-	-

Notes:

- a Share capital of RM2.00 comprising 4 ordinary shares of RM0.50 each
b The weighted average number of shares for the financial periods takes into account of the division on 30 August 2002, and the retrospective effects of the combination completed during that financial period
c The calculation of gross and net loss per share in respect of the Group is based on the loss before and after taxation respectively, and the weighted average number of shares in issue
* As SIB Group has yet to commence revenue service, no revenue is recorded for the years/period
^ There were no extraordinary item or exceptional item recorded during the years/period

None of the audited financial statements of the Company or any of its subsidiary companies were subject to any audit qualification throughout the financial years under review.

12.0 FINANCIAL INFORMATION (Cont'd)

12.1.2 SIB

The following table sets out the financial statement in respect of SIB based on the audited financial statements of SIB for the financial years ended 31 December 1998 to 31 December 2002 and the six month financial period ended 30 June 2003. The table should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 13 of this Prospectus.

	<-----Financial year ended 31 December----->					6 months to
	1998	1999	2000	2001	2002	30 June 2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-	-	-
Loss before depreciation and borrowing cost	-	-	(5)	(2)	(13)	(3)
Interest expense	-	-	-	-	(54)	(54)
LBT	-	-	(5)	(2)	(67)	(57)
Taxation	-	-	-	-	-	-
LAT before MI	-	-	(5)	(2)	(67)	(57)
MI	-	-	-	-	-	-
LAT and MI	-	-	(5)	(2)	(67)	(57)
Number of ordinary shares in issue ('000)	^	^	^	^	120,000	120,000
Weighted average number of shares in issue during the period ('000) ^b	5,000	5,000	5,000	46,589	120,000	120,000
Gross LPS (Sen) ^c	-	-	(0.10)	(0.00)	(0.05)	(0.05)
Net LPS (Sen) ^c	-	-	(0.10)	(0.00)	(0.05)	(0.05)
Gross dividend per share (Sen)	-	-	-	-	-	-

Notes:

- a Share capital of RM2.00 comprising 4 ordinary shares of RM0.50 each
- b The weighted average number of shares for the financial periods takes into account of the division on 30 August 2002, and the retrospective effects of the combination completed during that financial period
- c The calculation of gross and net loss per share in respect of the Company is based on the loss before and after taxation respectively, and the weighted average number of shares in issue
- ^ There were no extraordinary item or exceptional item recorded during the years/period

12.0 FINANCIAL INFORMATION (Cont'd)

12.2 Analysis and Commentary on Financial Information

The management commentary and analysis of the financial conditions and results of operations of the Group have been prepared as if the Group has been in existence for the financial years and period presented. The following discussion and analysis should be read in conjunction with the Group consolidated financial statements included in the Accountants' Report set out in Section 13 of this Prospectus.

12.2.1 Review for the Past Financial Performance for SIB Group***Financial year ended 31 December 2000***

The SIB Group incurred a loss before depreciation and interest for the year of RM118,000 due to preliminary and pre-operating administrative expenses incurred by SILK. As toll operations have not commenced, no operating revenue was recorded. There were no exceptional or extraordinary items incurred for the financial year.

Financial year ended 31 December 2001

The SIB Group incurred a loss before depreciation and interest of RM1,103,000 for the financial year ended 31 December 2001 mainly due to salaries incurred in line with the mobilisation of staff for the commencement of work on the Government Funded Stretch 2 and the SILK Funded Stretch.

The taxation is in respect of deferred taxation being recorded as a result of application of tax effect accounting on the temporary differences arising in respect of short term deposit interest income, which, for accounting purposes, has been set-off against borrowing costs capitalised in expressway development expenditure. There were no exceptional or extraordinary items incurred for the financial period.

Financial year ended 31 December 2002

The SIB Group incurred a loss before depreciation and interest of RM2,866,000 for the financial year ended 31 December 2002 mainly due to an increase in salaries.

The taxation is in respect of deferred taxation being recorded as a result of application of tax effect accounting on the temporary differences arising in respect of short term deposit interest income, which, for accounting purposes, has been set-off against borrowing costs capitalised in expressway development expenditure. There were no exceptional or extraordinary items incurred for the financial period.

Financial period ended 30 June 2003

The SIB Group incurred a loss before depreciation and interest of RM997,000 for the financial period ended 30 June 2003 mainly due to the non-operating income arising from the advance licensing fee received during the financial period.

Further details on the financial performance of the SIB Group for past five (5) financial years ended 31 December 1998 to 31 December 2002 and for the six (6)-month financial period ended 30 June 2003 is included in the Accountants' Report set out in Section 13 of this Prospectus.

12.0 FINANCIAL INFORMATION (Cont'd)

12.3 Directors' Declaration on the Financial Performance

Save as disclosed in Sections 12 and 13 of this Prospectus, as at 7 November 2003 (being the latest practicable date prior to the issuance of this Prospectus), the financial performance, position and operations of the Company and/or the Group are not affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Company and/or the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Company and/or the Group;
- (ii) material capital expenditure commitments;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Company and/or the Group;
- (iv) no substantial increase in revenue; and
- (v) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

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12.0 FINANCIAL INFORMATION (Cont'd)

12.4 Future Financial Information

12.4.1 Forecasts of Consolidated Results After Taxation for the Financial Years Ending 31 December 2003 and 31 December 2004

The Directors of SIB forecast that, the consolidated results after taxation of SIB Group for the financial years ending 31 December 2003 and 31 December 2004 will be as follows:

	2003 RM' million	2004 RM' million
Revenue	-	29.70
Operating expenses	<u>(4.66)</u>	<u>(14.14)</u>
Operating (loss)/profit	(4.66)	15.56
Depreciation and amortisation	<u>(0.36)</u>	<u>(1.92)</u>
(Loss)/Profit before borrowing cost and taxation	(5.02)	13.64
Interest income	-	1.59
Finance cost	<u>(0.07)</u>	<u>(33.10)</u>
Loss before taxation	(5.09)	(17.87)
Taxation	<u>0.01</u>	<u>4.85</u>
Loss after taxation	<u>(5.08)</u>	<u>(13.02)</u>
Weighted average number of shares in issue (million shares) ^a	<u>125.75</u>	<u>180.00</u>
Gross loss per share (sen) ^b	<u>(4.05)</u>	<u>(9.93)</u>
Net loss per share (sen) ^b	<u>(4.04)</u>	<u>(7.23)</u>
Weighted average no. of shares in issue adjusted for the effects of exercise of Warrants (million shares)	<u>125.75</u>	<u>180.00</u>
Diluted gross loss per share (sen) ^c	<u>(4.05)</u>	<u>(9.93)</u>
Diluted net loss per share (sen) ^c	<u>(4.04)</u>	<u>(7.23)</u>

Notes:

- a Weighted average number of shares in issue takes into account of the completion of Renounceable Rights Issue in November 2003 and on the assumption that the Public Issue is to be completed in December 2003
- b The calculation of gross and net loss per share is based on the consolidated loss before and after taxation respectively, and the weighted average number of shares in issue
- c The calculation of diluted gross and net loss per share is based on the consolidated loss before and after taxation respectively, and the weighted average number of shares in issue during the financial year that has been adjusted to take into account the effect of dilutive potential ordinary shares from the exercise of 30,000,000 Warrants at an exercise price of RM1.50 each in December 2003
- * There are no exceptional or extraordinary items expected to be incurred or earned in the forecast years

12.0 FINANCIAL INFORMATION (Cont'd)

**SUNWAY INFRASTRUCTURE BERHAD
FORECASTS OF CONSOLIDATED RESULTS AFTER TAXATION
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2003 AND 31 DECEMBER
2004**

Part I – Actual Transactions and Matters Accounted for and Dealt with in the Forecasts of Consolidated Results After Taxation (Contd.)

6. Expressway Development Expenditure (including borrowing costs capitalised during the construction period) is to be depreciated over the life of the concession. For any given year A, the amount depreciated is computed as follows:-

$$\frac{\text{Total revenue from the year of commencement of toll to year A}}{\text{Total projected toll revenue from commencement to the end of the Concession Period}} \times \text{Total EDE incurred} \text{ less Cumulative amortisation as at the beginning of year A}$$

Part II- General Assumptions applied in the preparation of the Forecasts of Consolidated Results After Taxation

1. There will be no material changes in the principal activities of the SIB Group.
2. There will be no material changes in the management and accounting policies from those currently adopted by the SIB Group.
3. There will be no significant changes in the present legislation or Government regulations and policies, rates and bases of duties, levies and taxes, which will affect the existing and activities of the SIB Group.
4. There will be no major industrial disputes, economic and political changes or any abnormal circumstances in the country or elsewhere in the world, which will adversely affect the operations of the SIB Group.
5. There will be no other termination events leading to termination under the Concession Agreement prior to the end of the Concession.
6. There will be no new alternative routes or forms of transportation that will adversely affect the projected traffic volumes for the Ring Road, other than as anticipated in the traffic volume report dated November 2003 for the Ring Road carried out by the traffic consultants, MAG Technical & Development Consultants.
7. Operations and maintenance programs for the Ring Road will be carried out as planned.
8. The inflation rate will not change significantly from its present level.
9. There will be no event or combination of events, including but not limited to terrorist attacks, the outbreak of Severe Acute Respiratory Syndrome ("SARS") or other diseases, that will lead to a recession and impact the Group from achieving its forecasts of consolidated results after taxation and/or have an adverse effect on the value or quality of the Group's assets.

12.0 FINANCIAL INFORMATION (Cont'd)

SUNWAY INFRASTRUCTURE BERHAD
FORECASTS OF CONSOLIDATED RESULTS AFTER TAXATION
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2003 AND 31 DECEMBER
2004

Part III - Specific Assumptions applied in the preparation of the Forecasts of Consolidated Results After Taxation (Contd.)


4. Operating, general and administration expenses to be incurred are expected to increase at an annual rate of 4% in the forecast years.
5. There will be no other sources of income or expenditure apart from those stated in the forecast years.
6. There will be no major additions of property, plant and equipment other than those included in the forecast years.
7. There will be no major delays in the completion of construction works that may materially affect the commencement of toll operations.
8. There will be no dividends paid during the forecast years. Dividends of CN-RPS and Ordinary Shares will be paid subject to availability of Section 108 credit under the Income Tax Act, 1967, and availability of cash and retained profits. In addition, SILK will be required to meet the minimum Debt Service Cover ratio of 1.50 times during the tenure of the BAIDS after payment of dividends. Subject to these requirements, all cash surpluses are intended to be distributed as dividends.
9. The taxation expenses provided in forecast years are in respect of revenue generated from toll operations and interest income derived from short term deposits placed with financial institutions, at the prevailing statutory tax rate of 28% and payable in the same respective forecast years. Deferred taxation benefits, primarily in respect of temporary differences arising from short term deposit interest income (which for accounting purposes has been set off against borrowing costs in expressway development expenditure), borrowing costs, and from unabsorbed business losses and unutilised capital allowances have been recorded as assets at the prevailing statutory tax rate of 28% in the forecast years, as it is assumed that the deferred taxation benefits will be utilised against taxable profits as illustrated in the forecasts.

Capital allowance (CA) is computed as follows:-

Initial rate: 10%
 Annual rate: 6%

The entire works except for the supervisory works pertaining to the Government Funded Stretches are assumed to qualify for capital allowance in the form of Industrial Building Allowance. The capital allowance is first claimed in the year toll revenue commences, 2004.

As the redemption of BAIDS is not anticipated to commence until 2007 as illustrated in the financial forecasts, tax deduction is not claimed in respect of the borrowing costs in respect of the BAIDS until 2007.

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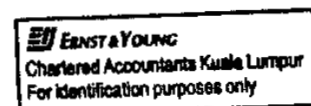
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12.0 FINANCIAL INFORMATION (Cont'd)

**SUNWAY INFRASTRUCTURE BERHAD
FORECASTS OF CONSOLIDATED RESULTS AFTER TAXATION
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2003 AND 31 DECEMBER
2004**

Part III - Specific Assumptions applied in the preparation of the Forecasts of Consolidated Results After Taxation (Contd.)

10. The land use payments of RM215 million to be paid by SILK represent consideration for the right to use and occupy the land. It includes the removal or resettling of squatters and other occupiers to be undertaken by Salient Million Sdn. Bhd., a subsidiary company of SILK, on the right-of-way of the Ring Road for the purposes of the concession as stated in the Concession Agreement. The amount is assumed to be fully deductible in the year it is incurred. It is assumed that the land use payments will be incurred as illustrated in the forecast years.
11. The estimated listing expenses of RM1,257,000 are expensed in the income statement and will be paid when incurred.
12. None of the 30,000,000 detachable warrants issued together with the Renounceable Rights and Public Issue, which entitle the holders to purchase one (1) new SIB Share at an exercise price of RM1.50 for every warrant held, are assumed to be exercised during the forecast years.



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12.0 FINANCIAL INFORMATION (Cont'd)

12.4.2 Reporting Accountant's Report on Forecasts of Results After Taxation

(Prepared for inclusion in the Prospectus to be dated 13 November 2003 for domestic distribution in Malaysia only)



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P.O. Box 11040
50734 Kuala Lumpur, Malaysia

Reporting Accountants' Report on Forecasts of Results After Taxation

(Prepared for inclusion in the Prospectus to be dated 13 November 2003 for domestic distribution in Malaysia only)

Our ref. : AABS/SKD/LFN/NBH

10 November 2003

The Board of Directors
Sunway Infrastructure Berhad
Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

SUNWAY INFRASTRUCTURE BERHAD FORECASTS OF CONSOLIDATED RESULTS AFTER TAXATION FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2003 AND 31 DECEMBER 2004

We have reviewed the forecasts of consolidated results after taxation of Sunway Infrastructure Berhad ("SIB" or the "Company") and its subsidiaries (collectively known as "SIB Group") for the financial years ending 31 December 2003 and 31 December 2004 as set out in Section 12.4.1 of the Prospectus to be dated 13 November 2003, in accordance with the professional standard in Malaysia applicable to the review of forecasts, AI 810. The forecasts have been prepared in connection with the listing and quotation of the entire ordinary share capital of the Company on the Main Board of the Kuala Lumpur Stock Exchange.

Our review has been undertaken to enable us to form an opinion as to whether the forecasts, in all material respects, are properly prepared on the basis of the assumptions made by the directors as set out in Section 12.4.1 of the Prospectus and are presented on a basis consistent with the accounting policies adopted and disclosed by SIB Group in its audited financial statements for the financial period ended 30 June 2003. The directors of SIB are solely responsible for the preparation and presentation of the forecasts and the assumptions on which the forecasts are based.

12.0 FINANCIAL INFORMATION (Cont'd)



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A forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecasts are based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecasts since anticipated events frequently do not occur as expected and the variations could be material.

Subject to the matters stated in the preceding paragraphs:-

- a) nothing has come to our attention which causes us to believe that the assumptions made by the directors, as set out in Section 12.4.1 of the Prospectus, do not provide a reasonable basis for the preparation of the forecasts of consolidated results after taxation; and
- b) in our opinion, the forecasts of consolidated results after taxation, so far as the calculations are concerned, have been properly prepared on the basis of the assumptions made by the directors and have been presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the financial period ended 30 June 2003.

The accompanying forecasts and this letter have been prepared solely for the purposes stated above, in connection with the listing and quotation of the entire ordinary share capital of the Company on the Main Board of the Kuala Lumpur Stock Exchange. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

ERNST & YOUNG
AF:0039
Chartered Accountants

Sukanta Kumar Dutt
1556/08/04(J)
Partner
Kuala Lumpur, Malaysia

12.0 FINANCIAL INFORMATION (Cont'd)

12.4.3 Projections of Consolidated Results After Taxation for the Financial Years Ending 31 December 2005 to 31 December 2037

The Directors of SIB project, based on the accompanying hypothetical assumptions, the consolidated results after taxation of SIB Group for the respective financial years and periods, as follows:

	2005	2006	2007	2008	2009	2010	2011	2012	2013 - 2017	2018 - 2022	2023 - 2027	2028 - 2032	2033 - 2037
	RM'	RM'	RM'	RM'	RM'	RM'	RM'	RM'	RM'	RM'	RM'	RM'	RM'
	million	million	million	million	million	million	million	million	million	million	million	million	million
Revenue	94.59	110.00	125.40	140.80	191.88	210.80	229.72	248.64	1,802.89	2,902.02	3,630.40	4,113.65	3,854.26
Operating expenses	(11.31)	(11.76)	(12.23)	(20.75)	(13.22)	(13.74)	(14.30)	(14.88)	(93.64)	(113.99)	(138.67)	(169.14)	(188.99)
Operating profit	83.28	98.24	113.17	120.05	178.66	197.06	215.42	233.76	1,709.25	2,788.03	3,491.73	3,944.51	3,665.27
Depreciation and amortisation	(5.27)	(6.08)	(6.90)	(7.69)	(10.35)	(11.34)	(12.32)	(13.32)	(95.61)	(132.69)	(190.86)	(216.34)	(203.89)
Profit before borrowing cost and taxation	78.01	92.16	106.27	112.36	168.31	185.72	203.10	220.44	1,613.64	2,655.34	3,300.87	3,728.17	3,461.38
Interest income	3.09	5.64	8.70	7.77	6.89	6.98	8.08	10.85	55.44	40.43	26.54	26.45	26.64
Finance cost	(87.14)	(96.37)	(100.76)	(95.68)	(89.56)	(83.36)	(76.46)	(75.75)	(366.38)	(128.14)	-	-	-
(Loss)/Profit before taxation	(6.04)	1.43	14.21	24.45	85.64	110.34	134.72	155.54	1,302.70	2,547.63	3,327.41	3,754.62	3,488.02
Taxation	1.53	(0.55)	(4.13)	(7.02)	(24.15)	(31.09)	(37.91)	(43.75)	(365.48)	(714.36)	(932.96)	(1,052.73)	(978.00)
(Loss)/Profit after taxation	(4.51)	0.88	10.08	17.43	61.49	79.25	96.81	111.79	937.22	1,833.27	2,394.45	2,701.89	2,510.02
No. of shares in issue (million shares)	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00
Gross (loss per share)/earnings per share (sen) ^a	(3.36)	0.79	7.89	13.58	47.58	61.30	74.84	86.41	-	-	-	-	-
Net (loss per share)/earnings per share (sen) ^b	(2.51)	0.49	5.60	9.68	34.16	44.03	53.78	62.11	-	-	-	-	-
No. of share in issue adjusted for the effects of exercise of Warrants (million shares)	180.00	180.00	180.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Diluted gross (loss per share)/earnings per share (sen) ^b	(3.36)	0.79	7.89	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-
Diluted net (loss per share)/earnings per share (sen) ^b	(2.51)	0.49	5.60	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-

Notes:

- a The calculation of gross and net (loss per share)/earnings per share is based on the consolidated (loss)/earnings before and after taxation respectively, and number of ordinary shares in issue of 180,000,004 after the Renounceable Rights and Public Issue
- b The calculation of diluted gross and net (loss per share)/earnings per share is based on the consolidated (loss)/earnings before and after taxation respectively, and number of shares in issue during the financial years that has been adjusted to take into account the effect of dilutive potential ordinary shares from the exercise of 30,000,000 new Warrants at an exercise price of RM1.50 each. The expiry date of the Warrants is on the day falling five years from the Commencement Date. Accordingly, no diluted (loss per share)/earnings per share is disclosed from the financial year ending 2008 onwards
- * There are no exceptional or extraordinary items expected to be incurred or earned in the projections years

12.0 FINANCIAL INFORMATION (Cont'd)**Principal bases and assumptions**

**SUNWAY INFRASTRUCTURE BERHAD
 PROJECTIONS OF CONSOLIDATED RESULTS AFTER TAXATION
 FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2005 TO 31 DECEMBER
 2037**

Sunway Infrastructure Berhad ("SIB") was incorporated on 14 October 1996 as a private limited company in Malaysia under the Companies Act, 1965, in the name of SILK Concessionaire Holdings Sdn. Bhd. It was converted to a public limited company on 16 November 2001 and assumed its present name on 14 February 2002.

The Restructuring and Listing Exercise is expected to be completed in December 2003. The projections of consolidated results after taxation assume that SIB will complete the Restructuring and Listing Exercise within the time frame stated.

Part I – Actual Transactions and Matters Accounted for and Dealt with in the Projections of Consolidated Results After Taxation

In arriving at the projections of consolidated results after taxation for the financial years ending 31 December 2005 to 31 December 2037, the directors have taken into account the audited results of SIB Group for the six month financial period ended 30 June 2003, as well as the financial effects of the transactions in respect of the Restructuring and Listing Exercise.

1. The 20,000,000 Cumulative Non-Convertible Redeemable Preference Share ("CN-RPS") of RM0.10 each in SIB at an issue price of RM1.00, have a tenure of ten years from the issue date and shall be redeemable for cash at any time from the date commencing the 5th anniversary of issue date. SIB has the right to call for the redemption of the CN-RPS at anytime from the date commencing the 5th anniversary of the issue date.

Dividends of CN-RPS are cumulative at 20% per annum.

2. The existing financing facilities, primarily in respect of Al-Bai Bithaman Ajil Islamic Debts Securities Issuance Facility ("BAIDS") in issue, remain available to the SIB Group at the prevailing rate and are assumed to be repaid according to the scheduled repayment terms.
3. Borrowing costs (implicit in the BAIDS) net of interest income during the construction period are capitalised as Expressway Development Expenditure and depreciation will commence upon commencement of tolling operations in August 2004.
4. Borrowing costs (implicit in the BAIDS) arising after the completion of the Ring Road are expensed in the income statement.

12.0 FINANCIAL INFORMATION (Cont'd)

SUNWAY INFRASTRUCTURE BERHAD
PROJECTIONS OF CONSOLIDATED RESULTS AFTER TAXATION
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2005 TO 31 DECEMBER
2037

Part I – Actual Transactions and Matters Accounted for and Dealt with in the Projections of Consolidated Results After Taxation (Contd.)

5. Expressway Development Expenditure (including borrowing costs capitalised during the construction period) is to be depreciated over the life of the concession. For any given year A, the amount depreciated is computed as follows:-

$$\frac{\text{Total revenue from the year of commencement of toll to year A}}{\text{Total projected toll revenue from commencement to the end of the Concession Period}} \times \text{Total EDE incurred} \text{ less Cumulative amortisation as at the beginning of year A}$$

Part II- General Assumptions applied in the preparation of the Projections of Consolidated Results After Taxation

1. There will be no material changes in the principal activities of the SIB Group.
2. There will be no material changes in the management and accounting policies from those currently adopted by the SIB Group.
3. There will be no significant changes in the present legislation or Government regulations and policies, rates and bases of duties, levies and taxes, which will affect the existing and activities of the SIB Group.
4. There will be no major industrial disputes, economic and political changes or any abnormal circumstances in the country or elsewhere in the world, which will adversely affect the operations of the SIB Group.
5. There will be no other termination events leading to termination under the Concession Agreement prior to the end of the Concession.
6. There will be no new alternative routes or forms of transportation that will adversely affect the projected traffic volumes for the Ring Road, other than as anticipated in the traffic volume report dated November 2003 for the Ring Road carried out by the traffic consultants, MAG Technical & Development Consultants.
7. Operations and maintenance programs for the Ring Road will be carried out as planned.
8. The inflation rate will not change significantly from its present level.
9. There will be no event or combination of events, including but not limited to terrorist attacks, the outbreak of Severe Acute Respiratory Syndrome ("SARS") or other diseases, that will lead to a recession and impact the Group from achieving its projections of consolidated results after taxation and/or have an adverse effect on the value or quality of the Group's assets.

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Chartered Accountants Kuala Lumpur
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12.0 FINANCIAL INFORMATION (Cont'd)

SUNWAY INFRASTRUCTURE BERHAD
PROJECTIONS OF CONSOLIDATED RESULTS AFTER TAXATION
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2005 TO 31 DECEMBER
2037

Part III - Specific Assumptions applied in the preparation of the Projections of Consolidated Results After Taxation

1. Toll collection is expected to commence in August 2004 for 33 years ending July 2037. The Ring Road is planned to have four toll plazas, and vehicles will be required to pay toll upon passing each plaza. The scheduled toll rates to be charged at each of the four toll plazas as shown in the table below, are in accordance with the Supplemental Concession Agreement ("SCA").

RM	Class 1	Class 2	Class 3	Class 4	Class 5
Vehicle Category	Cars/Small Vans	Medium Lorries	Heavy Lorries	Taxis	Buses
Toll Structure/Year	As Below	Class 1(x 2)	Class 1(x 3)	Class 1(x 0.5*)	Class 2(x 0.5*)
2004 – 2008	1.00	2.00	3.00	0.50	1.00
2009 – 2013	1.30	2.60	3.90	0.60	1.30
2014 – 2018	1.80	3.60	5.40	0.90	1.80
2019 – 2037	2.40	4.80	7.20	1.20	2.40

* rounded to the nearest 10 cent

Subject to the terms and conditions of the SCA, the rate to toll payable by each class of vehicle at each toll plaza using the Ring Road is stipulated above. For the purposes of the projections, it is assumed that the increase in toll rates for various categories of vehicles in years 2004-2037 as stated above will be agreed upon by the Government.

The projected toll revenues as illustrated in the financial projections are calculated based on the traffic volume report dated November 2003 for traffic projections from 2004-2036 as prepared by MAG Technical and Development Consultants after taking into consideration the Revenue Sharing Arrangement as stipulated in the SCA. The traffic volume for 7 months of Year 2037 is a proportion of Year 2036 as the projections for that year reflect traffic at maximum capacity.

It is also assumed that the projected toll revenues will be achieved irrespective of alternative transportation modes and routes that may be introduced and implemented in the future, beyond those anticipated. There will be no material deviations in the actual traffic volume of the Ring Road compared to the projected volume, which was based on the traffic volume report for the Ring Road carried out by the MAG Technical and Development Consultants.

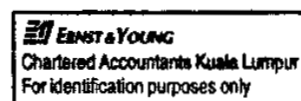
2. Interest is assumed to be earned annually on beginning cash balances and debt service reserve accounts at a rate of 3% per annum during and after the construction period. It is assumed that the cash surplus will be invested in short-term money market deposits/instruments to generate a yield, assumed for the purposes of the projections to be 3% per annum.

12.0 FINANCIAL INFORMATION (Cont'd)

**SUNWAY INFRASTRUCTURE BERHAD
PROJECTIONS OF CONSOLIDATED RESULTS AFTER TAXATION
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2005 TO 31 DECEMBER
2037**

Part III - Specific Assumptions applied in the preparation of the Projections of Consolidated Results After Taxation (Contd.)

3. The Concession Agreement stipulates that additional lanes are to be constructed in the future to upgrade the expressway to a dual 3 lane carriageway and a 4 dual lane carriageway expressway. However, the additional lanes are being constructed in the initial construction phase, and therefore, the related estimated costs have been included in the projection years as part of the total construction costs.
4. Operating, general and administration expenses to be incurred are expected to increase at an annual rate of 4% in the projection years.
5. Maintenance costs, which are expected to increase in the projection years, will be as reflected in the financial projections for the completed stretches.
6. There will be no other sources of income or expenditure apart from those stated in the projection years.
7. There will be no major additions of property, plant and equipment other than those included in the projection years.
8. There will be no major delays in the completion of construction works that may materially affect the commencement of toll operations.
9. Dividends of CN-RPS and Ordinary Share will be paid subject to availability of Section 108 credit under the Income Tax Act, 1967, and availability of cash and retained profits. In addition, SILK will be required to meet the minimum Debt Service Cover ratio of 1.50 times during the tenure of the BAIDS after payment of dividends. Subject to these requirements, all cash surpluses are intended to be distributed as dividends. In the financial projections, dividends will be paid only after the first redemption tranche of the BAIDS. It is assumed that subject to the foregoing, SIB will pay dividends as illustrated in the financial projections.
10. The taxation expenses provided in projection years are in respect of revenue generated from toll operations and interest income derived from short term deposits placed with financial institutions, at the prevailing statutory tax rate of 28% and payable in the same respective projection years. Deferred taxation benefits, primarily in respect of temporary differences arising from short term deposit interest income (which for accounting purposes has been set off against borrowing costs in expressway development expenditure), borrowing costs, and from unabsorbed business losses and unutilised capital allowances will be recognised and recorded as assets at the prevailing statutory tax rate of 28% in the projection years, as it is assumed that the deferred taxation benefits will be utilised against taxable profits as illustrated in the projections.



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12.0 FINANCIAL INFORMATION (Cont'd)

**SUNWAY INFRASTRUCTURE BERHAD ("SIB")
PROJECTIONS OF CONSOLIDATED RESULTS AFTER TAXATION
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2005 TO 31 DECEMBER
2037**

Part III - Specific Assumptions applied in the preparation of the Projections of Consolidated Results After Taxation (Contd.)


10. Capital allowance (CA) is computed as follows:-

Initial rate: 10%
Annual rate: 6%

The entire works except for the supervisory works pertaining to the Government Funded Stretches are assumed to qualify for capital allowance in the form of Industrial Building Allowance.

As the redemption of BAIDS is not expected to commence until 2007 as illustrated in the financial projections, tax deduction is not claimed in respect of the borrowing costs in respect of the BAIDS until 2007.

11. None of the 30,000,000 detachable warrants issued together with the Renounceable Rights and Public Issue, which entitle the holders to purchase one (1) new SIB Share at an exercise price of RM1.50 for every warrant held, are assumed to be exercised during the projection years.

 **ERNST & YOUNG**
Chartered Accountants Kuala Lumpur
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