

11. FINANCIAL INFORMATION

11.1 Working Capital, Material Litigation and Arbitration, Borrowings, Contingent Liabilities and Material Commitments

11.1.1 Working Capital

The Directors of Mudajaya are of the opinion that, after taking into account the consolidated cash flow position, banking facilities available and the gross proceeds from the Public Issue, the Group will have adequate working capital for a period of 12 months from the LPD.

11.1.2 Material Litigation and Arbitration

Save as disclosed in Section 14.5 of this Prospectus, the Mudajaya Group is not engaged in any litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Mudajaya Group, and the Directors of Mudajaya do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group.

11.1.3 Borrowings

As at the LPD, the total borrowings of the Group amounted to approximately RM9.10 million, all of which are interest bearing, details of which are as follows:

Outstanding borrowings	Payable within 12 months RM 000	Payable after 12 months RM 000	Total RM 000
Bridging loan	1,024	-	1,024
Revolving credit	1,000	-	1,000
Term loan	3,000	-	3,000
Hire purchase	2,422	1,651	4,073
	7,446	1,651	9,097

There have not been any default on payments of either interest and/or principal sums in respect of any borrowings in the past one (1) financial year and the subsequent financial period thereof, immediately preceding the LPD.

11.1.4 Contingent Liabilities and Material Commitments

As at the LPD, the Directors of Mudajaya are not aware of any contingent liabilities, other than performance guarantees and indemnities given to clients in the ordinary course of the business of the Group. The Directors of Mudajaya are also not aware of any material commitment for capital expenditure contracted or known to be contracted by the Mudajaya Group which, upon becoming enforceable, may have a material impact on the profits or net assets value of the Group.

11.2 Debtors' Ageing Analysis as at 31 October 2003

Based on the audited proforma consolidated balance sheets of Mudajaya as at 31 October 2003, total trade debtors amounted to RM94.714 million, which consists of RM79.360 million of trade debts and RM15.354 million of retention sums. The credit period extended to the customers of the Mudajaya Group is between 30 to 90 days.

11. FINANCIAL INFORMATION (cont'd)

As at 31 October 2003, RM14.293 million of retention sums was not due for payment while the balance of RM1.061 million, which Mudajaya has made provision for in its accounts, was overdue by more than 180 days. The ageing analysis for trade debts as at 31 October 2003 is as follows:

Ageing (Days)	0-30	31-60	61-90	91-120	121-150	151-180	>180	Total	Provision	Subsequent receipts as at LPD
Trade debts (RM million)	33.010	7.888	10.484	6.531	5.207	4.560	11.680	79.360	5.086	43.589
%	41.6	9.9	13.2	8.2	6.6	5.8	14.7	100.0		

As at 31 October 2003, Mudajaya has made a total provision for doubtful debts of RM6.147 million in view that such amounts have fallen overdue for more than six (6) months. The Board of Directors of Mudajaya are however of the opinion that the said overdue amounts are recoverable from the respective trade debtors.

11.3 Proforma Consolidated Income Statements

The following is a summary of the proforma audited consolidated results of Mudajaya for the past five (5) financial years ended 31 December 1998 to 2002 and the ten (10)-month period ended 31 October 2003, which have been prepared based on the audited financial statements of the companies in the Mudajaya Group, for illustrative purposes, on the assumption that the current structure of the Group had been in existence throughout the financial years/period under review:

	Financial year ended 31 December					10-month period ended 31 October
	1998 RM 000	1999 RM 000	2000 RM 000	2001 RM 000	2002 RM 000	2003 RM 000
Revenue	136,518	168,246	183,804	321,803	288,384	242,222
Profit before depreciation, amortisation, interest and taxation	10,716	15,558	18,011	25,289	27,283	29,212
Depreciation and amortisation	(4,224)	(4,376)	(3,666)	(2,919)	(3,049)	(2,887)
Interest expense	(1,040)	(96)	(7)	-	(44)	(503)
PBT, MI and exceptional items	5,452	11,086	14,338	22,370	24,190	25,822
Exceptional items	-	-	-	(3,565) ⁽¹⁾	-	-
PBT and MI	5,452	11,086	14,338	18,805	24,190	25,822
Taxation	(2,140)	(85)	(3,309)	(5,363)	(6,835)	(7,205)
PAT but before MI	3,312	11,001	11,029	13,442	17,355	18,617
MI	(305)	(620)	(1,578)	(2,259)	(1,345)	(684)
Profit attributable to shareholders	3,007	10,381	9,451	11,183	16,010	17,933
No. of Mudajaya Shares assumed in issue (000) ⁽²⁾	120,600	120,600	120,600	120,600	120,600	120,600
Gross EPS (sen) ⁽³⁾	4.17	8.68	10.07	12.99	18.51	20.62
Net EPS (sen) ⁽⁴⁾	2.49	8.61	7.84	9.27	13.28	14.87
Gross dividend per share (sen) ⁽⁵⁾	-	4.15	4.15	-	-	76.01

Notes:

(1) The exceptional item in 2001 relates to provision for diminution in value of investments.

(2) For the purpose of the proforma consolidated income statement, the number of Mudajaya Shares assumed in issue is based on the issued and paid-up share capital of Mudajaya after the Acquisition but before the IPO.

11. FINANCIAL INFORMATION (cont'd)

- (3) *The gross EPS are computed based on PBT but after MI and divided by the number of Mudajaya Shares assumed in issue.*
- (4) *The net EPS are computed based on PAT and MI divided by the number of Mudajaya Shares assumed in issue.*
- (5) *The gross dividend per share is in respect of dividend declared by MJC.*
- (6) *There were no extraordinary items for the years/period under review.*

Segmental Analysis by Sectors**(i) Revenue**

	-----Financial year ended 31 December-----					10-month period ended 31 October 2003 RM 000
	1998 RM 000	1999 RM 000	2000 RM 000	2001 RM 000	2002 RM 000	
Construction	130,452	126,251	195,979	217,987	196,065	191,213
Property development	36,970	72,172	47,408	100,686	78,111	29,144
Trading	10,655	23,181	21,736	26,543	15,043	19,841
Manufacturing	13,350	14,688	14,021	7,105	12,003	15,917
Revenue before consolidation adjustments	191,427	236,292	279,144	352,321	301,222	256,115
Consolidation adjustments	(54,909)	(68,046)	(95,340)	(30,518)	(12,838)	(13,893)
Total	136,518	168,246	183,804	321,803	288,384	242,222

(ii) PBT, MI and exceptional items

	-----Financial year ended 31 December-----					10-month period ended 31 October 2003 RM 000
	1998 RM 000	1999 RM 000	2000 RM 000	2001 RM 000	2002 RM 000	
Construction	4,521	17,009	3,336	11,860	18,089	22,226
Property development	2,807	5,522	7,331	10,656	5,591	3,050
Manufacturing	455	1,240	702	81	645	270
Trading	61	212	501	54	86	188
	7,844	23,983	11,870	22,651	24,411	25,734
Consolidation adjustments	(2,030)	(11,547)	2,930	(103)	(56)	224
Share of net loss of associates	(362)	(1,350)	(462)	(178)	(165)	(136)
Total	5,452	11,086	14,338	22,370	24,190	25,822

11. FINANCIAL INFORMATION (cont'd)**11.4 Consolidated Profit Estimate and Forecast**

The Directors of Mudajaya estimate and forecast that the consolidated PAT and MI for the financial year ended 31 December 2003 and year ending 31 December 2004 respectively will be as follows:

Financial year ended/ending 31 December	Estimate 2003 RM 000	Forecast 2004 RM 000
Consolidated PBT	31,052	35,276
Taxation	(8,333)	(9,727)
Consolidated PAT before MI	22,719	25,549
MI	(1,591)	(1,197)
Consolidated PAT and MI	21,128	24,352
Gross EPS (sen)	23.92 ⁽¹⁾	25.73 ⁽³⁾
Gross PE Multiple (times)	5.35 ⁽⁵⁾	4.97 ⁽⁵⁾
Net EPS (sen)	17.52 ⁽²⁾	18.64 ⁽⁴⁾
Net PE Multiple (times)	7.31 ⁽⁵⁾	6.87 ⁽⁵⁾

Notes:

- ⁽¹⁾ The gross EPS is computed based on the PBT but after MI of RM28.84 million divided by 120,600,000 Mudajaya Shares, assuming the current structure the Mudajaya Group has been in existence throughout the financial year.
- ⁽²⁾ The net EPS is computed based on the PAT and MI divided by 120,600,000 Mudajaya Shares, assuming the current structure of the Mudajaya Group has been in existence throughout the financial year.
- ⁽³⁾ The gross EPS is computed based on the PBT but after MI of RM33.61 million divided by the weighted average number of ordinary shares in issue of 130,614,208 Mudajaya Shares.
- ⁽⁴⁾ The net EPS is computed based on the PAT and MI divided by the weighted average number of ordinary shares in issue of 130,614,208 Mudajaya Shares.
- ⁽⁵⁾ Based on the issue price of RM1.28 per Mudajaya Share.

The principal bases and assumptions upon which the consolidated profit estimate and forecast of Mudajaya have been made are as follows:

Basis of Consolidation

The profit estimate and forecast are prepared based on the merger method and acquisition method of accounting, as appropriate.

Specific Assumptions

- There will be no material deviations from the revenue as estimated and forecast. It is assumed that there will be no significant changes in the value of existing contracts and the revenue of new contracts will be secured in line with their estimate and forecast levels.

Particularly, the value of forecast contract revenues of at least RM38 million in respect of new contracts of MJC for the financial year ending 31 December 2004 will be secured as forecast and the sale of development properties of Angsana and MCity does not deviate materially from that as estimated and forecast.

11. **FINANCIAL INFORMATION** (*cont'd*)

2. There will be no significant delay in the commencement and completion of construction contracts and property development projects from that as estimated and forecast.
3. There will be no material deviations from the profit margin as estimated and forecast.
4. The IPO and Listing will be completed on 7 May 2004.

General Assumptions:

1. There will be no material changes to present legislation or regulations, rates and bases of duties, levies and taxes affecting the activities of the Mudajaya Group.
2. There will be no major industrial disputes, economic and political changes or any abnormal circumstances which will adversely affect the operations of the Mudajaya Group.
3. There will be no material changes to the existing structure and principal activities of the Mudajaya Group.
4. There will be no material changes in the management, trading and accounting policies from those currently adopted.
5. There will be no significant changes in the current demand and in prevailing market conditions in Malaysia and overseas which will adversely affect the Mudajaya Group's performance and businesses of its major customers, sub-contractors and suppliers.
6. There will be no significant interruption on the availability and supply of and changes in the prices of sub-contracts, materials and labour.
7. The inflation rate and exchange rates of foreign currencies will not change significantly from their present levels.
8. The capital expenditure programs will be implemented as estimated and forecast with total expenditure being materially the same as that estimated and forecast.
9. There will be no sale or purchase of investments except as provided in the estimate and forecast.
10. Cash in excess of working capital requirements will be placed in interest bearing deposits and at the interest rate as estimated and forecast.
11. All existing and future financing facilities will remain or become available to the Mudajaya Group at prevailing rates.
12. The taxation rate will remain at 28% during the estimate and forecast years.
13. There will be no significant impairment to assets held by the Mudajaya Group.

The consolidated profit estimate and forecast have been prepared on bases and accounting policies consistent with those previously adopted in the preparation of the audited financial statements of Mudajaya and its subsidiaries.

The Directors of Mudajaya have reviewed and analysed the bases and assumptions used in arriving at the consolidated profit estimate and forecast of Mudajaya for the financial year ended 31 December 2003 and ending 31 December 2004 respectively and are of the opinion that the consolidated profit estimate and forecast are fair and reasonable in light of the future plans, strategies and prospects of the Mudajaya Group as set out in Section 7 of this Prospectus and the prospects of the construction industry as set out in Section 6.2 of this Prospectus and after taking into consideration the estimate and forecast gearing levels, liquidity and working capital requirements of the Group.

11. FINANCIAL INFORMATION *(cont'd)*

For the financial year ended 31 December 2003, the turnover for the Group is estimated to increase by 7.66% from approximately RM288.4 million for the financial year ended 31 December 2002 to RM310.5 million. The estimated increase in turnover for the Group is mainly due to the increase in the percentage of completion in construction works for the year 2003 from the existing projects like Udaipur-Ratanpur-Gandhinagar Highway Project and Pusa-Sesang Coastal Road Project and the commencement of new project like Oya-Mukah-Balingian to Persimpangan Kampung Matadeng Road Project. The contract value of Oya-Mukah-Balingian to Persimpangan Kampung Matadeng Road Project is approximately RM229.0 million of which RM35.0 million is estimated to be recognised during the year. Correspondingly, the consolidated PAT and MI of Mudajaya is estimated to increase by 31.88% to RM21.1 million as compared to RM16.0 million in the financial year ended 31 December 2002.

For the financial year ending 31 December 2004, the turnover for the Group is forecast to increase by 23.67% from approximately RM310.5 million for the financial year ended 31 December 2003 to RM384.0 million. The increase in turnover for the Group is mainly due to the higher amount of turnover recognised for Udaipur-Ratanpur-Gandhinagar Highway Project, Pusa-Sesang Coastal Road Project and the Oya-Mukah-Balingian to Persimpangan Kampung Matadeng Road Project as a result of percentage completion of workdone. The consolidated PAT and MI of Mudajaya is forecast to increase by 15.64% to RM24.4 million as compared to RM21.1 million for the financial year ended 31 December 2003 which is in line with the increase in turnover.

11. FINANCIAL INFORMATION *(cont'd)*

11.5 Reporting Accountants' Letter on the Consolidated Profit Estimate and Forecast



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REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST (Prepared for inclusion in the Prospectus to be dated 10 April 2004)

2 April 2004

The Board of Directors
Mudajaya Group Berhad
Bangunan Mulpha
17, Jalan Semangat
46100 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

MUDAJAYA GROUP BERHAD ("Mudajaya") CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003 AND THE FINANCIAL YEAR ENDING 31 DECEMBER 2004 RESPECTIVELY

We have reviewed the estimate and forecast of the consolidated profit after taxation and minority interests of Mudajaya for the financial year ended 31 December 2003 and the financial year ending 31 December 2004 respectively as set out in Section 11.4 of the Prospectus to be dated 10 April 2004, in accordance with the Approved Standards on Auditing in Malaysia applicable to the review of estimate and forecast, International Standards on Auditing Standard 810 – The Examination of Prospective Financial Information. The estimate and forecast have been prepared for inclusion in this Prospectus in connection with the following:

- (1) **Initial public offering of Mudajaya shares comprising the Public Issue and the Offer For Sale of Mudajaya shares as follows:**
 - (i) **Public issue of 15,400,000 new ordinary shares of RM0.50 each in Mudajaya at an issue price of RM1.28 per ordinary share to the Malaysian public and the eligible Directors and employees of Mudajaya and its subsidiaries ("Mudajaya Group") (hereinafter referred to as "Public Issue").**
 - (ii) **Offer for sale of 22,600,000 ordinary shares of RM0.50 each in Mudajaya at an offer price of RM1.28 per ordinary share by the offerors to the identified Bumiputera investors approved by the Ministry of International Trade and Industry and identified investors (hereinafter referred to as "Offer for Sale").**

(hereinafter referred to as "IPO")
- (2) **Admission to the Official List of the Main Board of the Malaysia Securities Exchange Berhad ("MSEB") and the listing of and quotation on the Main Board of the MSEB for 136,000,000 ordinary shares of RM0.50 each in Mudajaya representing the entire issued and paid-up share capital of Mudajaya after the IPO (hereinafter referred to as "Listing").**

11. FINANCIAL INFORMATION (*cont'd*)



**REPORTING ACCOUNTANTS' LETTER ON THE
CONSOLIDATED PROFIT ESTIMATE AND FORECAST (CONTD.)**

(Prepared for inclusion in the Prospectus to be dated 10 April 2004)

Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material respects, are properly prepared on the basis of the assumptions made by the directors as set out in Section 11.4 of the Prospectus and are presented on a basis consistent with the accounting policies adopted and disclosed by Mudajaya in its audited financial statements for the 10 months period ended 31 October 2003. The directors of Mudajaya are solely responsible for the preparation and presentation of the estimate and forecast, and the assumptions on which the estimate and forecast are based.

Estimate and 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 estimate and forecast are based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the estimate and forecast since anticipated events frequently do not occur as expected and the variations could be material.

In particular, the estimate and forecast of the consolidated profit after taxation and minority interests are substantially dependent on the achievability of the Specific Assumptions set out in the accompanying statement.

Subject to the matters stated in the preceding paragraphs:


- (i) nothing has come to our attention which causes us to believe that the assumptions made by the directors, as set out in Section 11.4 of the Prospectus, do not provide a reasonable basis for the preparation of the estimate and forecast of the consolidated profit after taxation and minority interests; and
- (ii) in our opinion, the estimate and forecast of the consolidated profit after taxation and minority interests, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the directors and are presented on a basis consistent with the accounting policies adopted and disclosed by Mudajaya in its audited financial statements for the 10 months period ended 31 October 2003.

The accompanying estimate and forecast, and this letter have been prepared solely for inclusion in this Prospectus in connection with the abovementioned IPO and Listing and should not be relied on for any other purpose. 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



Xeo Eng Seng 1212/12/04 (J)
Partner

Kuala Lumpur, Malaysia

11. FINANCIAL INFORMATION *(cont'd)***MUDAJAYA GROUP BERHAD (“Mudajaya”)
CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2003 AND THE FINANCIAL YEAR ENDING 31 DECEMBER 2004
RESPECTIVELY**

The directors of Mudajaya estimate and forecast that, barring unforeseen circumstances, the consolidated profit estimate and forecast after taxation and minority interests for the financial year ended 31 December 2003 and the financial year ending 31 December 2004 respectively after the IPO will be as follows:

	Estimate 2003 RM'000	Forecast 2004 RM'000
Consolidated profit before taxation	31,052	35,276
Taxation	<u>(8,333)</u>	<u>(9,727)</u>
Consolidated profit after taxation but before minority interests	22,719	25,549
Minority interests	<u>(1,591)</u>	<u>(1,197)</u>
Consolidated profit after taxation and minority interests	<u>21,128</u>	<u>24,352</u>

The earnings per share (“EPS”) and price to earnings multiple (“PE Multiple”) are as follows:

Gross EPS (sen)	23.92 ⁽¹⁾	25.73 ⁽³⁾
Gross PE Multiple (times)	5.35 ⁽⁵⁾	4.97 ⁽⁵⁾
Net EPS (sen)	17.52 ⁽²⁾	18.64 ⁽⁴⁾
Net PE Multiple (times)	7.31 ⁽⁵⁾	6.87 ⁽⁵⁾

Notes:

- ⁽¹⁾ The gross EPS is computed based on the consolidated profit before taxation but after minority interests divided by 120,600,000 Mudajaya Shares, assuming the current structure of the Mudajaya Group has been in existence throughout the financial year.
- ⁽²⁾ The net EPS is computed based on the consolidated profit after taxation and minority interests divided by 120,600,000 Mudajaya Shares, assuming the current structure of the Mudajaya Group has been in existence throughout the financial year.
- ⁽³⁾ The gross EPS is computed based on the consolidated profit before taxation but after minority interests divided by the weighted average of the enlarged issued and paid-up capital of 130,614,208 Mudajaya Shares.
- ⁽⁴⁾ The net EPS is computed based on the consolidated profit after taxation and minority interests divided by the weighted average of the enlarged issued and paid-up capital of 130,614,208 Mudajaya Shares.
- ⁽⁵⁾ Based on the issue price of RM1.28 per Mudajaya Share.

11. FINANCIAL INFORMATION *(cont'd)*

**MUDAJAYA GROUP BERHAD ("Mudajaya")
CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2003 AND THE FINANCIAL YEAR ENDING 31 DECEMBER 2004
RESPECTIVELY (CONTD.)**

The principal bases and assumptions upon which the consolidated profit estimate and forecast after taxation and minority interests have been prepared are as follows:

Basis of Consolidation

The profit estimate and forecast are prepared based on the merger method and acquisition method of accounting, as appropriate.

Specific Assumptions

1. There will be no material deviations from the revenue as estimated and forecast. It is assumed that there will be no significant changes in the value of existing contracts and the revenue of new contracts will be secured in line with their estimate and forecast levels.

Particularly, the value of forecast contract revenues of at least RM38 million in respect of new contracts of Mudajaya Corporation Berhad ("MJC") for the financial year ending 31 December 2004 will be secured as forecast and the sale of development properties of Angsana Fajar Sdn Bhd and MJC City Development Sdn Bhd does not deviate materially from that as estimated and forecast.

2. There will be no significant delay in the commencement and completion of the construction contracts and property development projects from that as estimated and forecast.
3. There will be no material deviations from the profit margin as estimated and forecast.
4. The IPO and Listing will be completed by 7 May 2004.

11. FINANCIAL INFORMATION *(cont'd)*

**MUDAJAYA GROUP BERHAD (“Mudajaya”)
CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2003 AND THE FINANCIAL YEAR ENDING 31 DECEMBER 2004
RESPECTIVELY (CONTD.)**

General Assumptions:

1. There will be no material changes to present legislation or regulations, rates and bases of duties, levies and taxes affecting the activities of the Mudajaya Group.
2. There will be no major industrial disputes, economic and political changes or any abnormal circumstances which will adversely affect the operations of the Mudajaya Group.
3. There will be no material changes to the existing structure and principal activities of the Mudajaya Group.
4. There will be no material changes in the management, trading and accounting policies from those currently adopted.
5. There will be no significant changes in the current demand and in prevailing market conditions in Malaysia and overseas which will adversely affect the Mudajaya Group’s performance and businesses of its major customers, sub-contractors and suppliers.
6. There will be no significant interruption on the availability and supply of and changes in the prices of sub-contracts, materials and labour.
7. The inflation rate and exchange rates of foreign currencies will not change significantly from their present levels.
8. The capital expenditure programs will be implemented as estimated and forecast with total expenditure being materially the same as that estimated and forecast.
9. There will be no sale or purchase of investments except as provided in the estimate and forecast.
10. Cash in excess of working capital requirements will be placed in interest bearing deposits and at the interest rate as estimated and forecast.
11. All existing and future financing facilities will remain or become available to the Mudajaya Group at prevailing rates.
12. The taxation rate will remain at 28% during the estimate and forecast years.
13. There will be no significant impairment to assets held by the Mudajaya Group.

11. FINANCIAL INFORMATION (cont'd)**11.6 Sensitivity Analysis**

The principal bases and assumptions which have been varied for the purpose of the sensitivity analysis on the consolidated profit estimate and forecast are as follows:

- (a) Revenue will vary $\pm 5%$, $\pm 10%$ and $\pm 15%$ from the base case.
- (b) The Group's gross margin of its operation will be maintained at the same percentage.
- (c) The overhead expenses will be maintained.
- (d) Except for the assumptions in (a), (b) and (c), the same assumptions as for the base case shall apply.

Effect in the estimate and forecast consolidated PAT and MI

Financial year ended/ending 31 December	2003 RM 000	2004 RM 000
+15%	25,208	29,019
+10%	23,848	27,463
+5%	22,488	25,907
Base case	21,128	24,352
-5%	19,768	22,796
-10%	18,407	21,240
-15%	17,047	19,684

Deviation from the estimate and forecast consolidated PAT and MI in terms of percentage

Financial year ended/ending 31 December	2003 (%)	2004 (%)
+15%	19	19
+10%	13	13
+5%	6	6
Base case	0	0
-5%	(6)	(6)
-10%	(13)	(13)
-15%	(19)	(19)

Based on the above assumptions, the sensitivity analysis shows that the Mudajaya Group will still remain profitable over the estimated and forecast period despite a 5%, 10% and 15% downward variation on revenue.

11.7 Dividend Estimate and Forecast

It is the policy of the Directors of Mudajaya to recommend dividends to allow shareholders to participate in the profits of the Company as well as leaving adequate reserves for the future growth of the Group.

For the financial year ended 31 December 2003, no dividend is or will be proposed by Mudajaya. Based on the forecast PAT and MI of RM24.35 million for the financial year ending 31 December 2004, the Directors of Mudajaya anticipate that the Company will be in a position to propose a final gross dividend of 2.50 sen per share for the financial year ending 31 December 2004 based on its issued and paid-up share capital of 136,000,000 Mudajaya Shares.

11. FINANCIAL INFORMATION (cont'd)

The intended appropriation of the forecast PAT and MI for the financial year ending 31 December 2004 will be as follows:

Financial year ending 31 December	Forecast 2004 RM 000
Consolidated PAT and MI	24,352
Less: Proposed final gross dividend of 2.50 sen per Mudajaya Share (less 28% taxation)	(2,448)
Profit retained for the financial year	<u>21,904</u>
Final gross dividend per Mudajaya Share (sen)	2.50
Final gross dividend yield based on the issue/offer price of RM1.28 per Mudajaya Share (%)	1.95
Final net dividend per Mudajaya Share (sen)	1.80
Net dividend cover based on final net dividend of 1.80 sen per Mudajaya Share (times)	9.95

Future dividends may not be proposed if:

- (a) the Group make a loss for the relevant financial year; or
- (b) the Group has insufficient cash flows to meet the relevant dividend payments.

Notwithstanding the above, the Directors of Mudajaya have full discretion not to propose any future dividend payment as they deem fit in the best interest of the Company.

11. FINANCIAL INFORMATION (cont'd)

11.8 Proforma Consolidated Balance Sheets

The proforma consolidated balance sheets of Mudajaya as at 31 October 2003 as set out below are provided for illustrative purposes only to show the effects of the Acquisition, IPO and the proposed utilisation of proceeds from the Public Issue in conjunction with the Listing on the assumption that these transactions were completed on 31 October 2003:

	As at 31.10.03 RM 000	After the Acquisition RM 000	After the IPO and the proposed utilisation of proceeds from the Public Issue RM 000
Property, plant and equipment	-	14,415	14,415
Associated companies	-	2,156	2,156
Investments in jointly controlled entities	-	3,767	3,767
Long term investments	-	1,134	1,134
Deferred expenditure	562	562	-
Current assets	1	138,293	155,505
Current liabilities	562	57,730	57,168
Net current (liabilities)/assets	(561)	80,563	98,337
	1	102,597	119,809
Financed by:			
Share capital	1	60,300	68,000
Retained profits	-	32,214	32,214
Non-distributable reserve	-	595	595
Share premium	-	-	9,512 ⁽¹⁾
Shareholders' equity	1	93,109	110,321
MI	-	8,118	8,118
Hire purchase payables	-	654	654
Deferred taxation	-	716	716
	1	102,597	119,809
No. of ordinary shares (000)	2	120,600	136,000
(Net liabilities)/NTA per ordinary share (RM)	(280.50)	0.77	0.81

Note:

⁽¹⁾ After deducting the estimated listing expenses of approximately RM2.5 million.

11. FINANCIAL INFORMATION *(cont'd)*

11.9 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets



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REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS

(Prepared for inclusion in the Prospectus to be dated 10 April 2004)

2 April 2004

The Board of Directors
Mudajaya Group Berhad
Bangunan Mulpha
17, Jalan Semangat
46100 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

MUDAJAYA GROUP BERHAD ("Mudajaya" or the "Company") PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 OCTOBER 2003

We report on the proforma consolidated balance sheets set out in Section 11.8 of the Prospectus to be dated 10 April 2004, which have been prepared for illustrative purposes only, to provide information about how the balance sheet of Mudajaya as at 31 October 2003 that has been presented, might have been affected by the following proposals had the proposals been completed on that date:

- (1) **Acquisition of the entire issued and paid-up share capital of Mudajaya Corporation Berhad ("MJC") together with its subsidiary companies ("MJC Group") by Mudajaya (hereinafter the new group is referred to as "Mudajaya Group") for a total purchase consideration of RM75,175,320 which was satisfied by the issue of 120,598,000 new ordinary shares of RM0.50 each in Mudajaya at an issue price of approximately RM0.62 per ordinary share in Mudajaya (hereinafter referred to as "Acquisition").**
- (2) **Initial public offering of Mudajaya shares comprising the Public Issue and the Offer For Sale of Mudajaya shares as follows:**
 - (i) **Public issue of 15,400,000 new ordinary shares of RM0.50 each in Mudajaya at an issue price of RM1.28 per ordinary share to the Malaysian public and the eligible Directors and employees of the Mudajaya Group (hereinafter referred to as "Public Issue").**
 - (ii) **Offer for sale of 22,600,000 ordinary shares of RM0.50 each in Mudajaya at an offer price of RM1.28 per ordinary share by the offerors to the identified Bumiputera investors approved by the Ministry of International Trade and Industry and identified investors (hereinafter referred to as "Offer for Sale").**

(hereinafter referred to as "IPO")

11. FINANCIAL INFORMATION *(cont'd)*



**REPORTING ACCOUNTANTS' LETTER ON THE
PROFORMA CONSOLIDATED BALANCE SHEETS (CONTD.)**

(Prepared for inclusion in the Prospectus to be dated 10 April 2004)

- (3) **Admission to the Official List of the Main Board of the Malaysia Securities Exchange Berhad ("MSEB") and the listing of and quotation on the Main Board of the MSEB for 136,000,000 ordinary shares of RM0.50 each in Mudajaya representing the entire issued and paid-up share capital of Mudajaya after the IPO (hereinafter referred to as "Listing").**

(Collectively referred to as "Proposals")

It is the responsibility solely of the directors of Mudajaya to prepare the proforma consolidated balance sheets in accordance with the requirements of the Securities Commission's Prospectus Guidelines in respect of Public Offerings ("the Guidelines").

It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the proforma consolidated balance sheets with responsible officers of Mudajaya. Our work involved no independent examination of any of the underlying financial information other than our audit of the financial statements of Mudajaya for the 10 months period ended 31 October 2003 that included the audited balance sheets as at 31 October 2003, on which we reported to the members of the Company as of the date of our report.

In our opinion:

- (a) the proforma consolidated balance sheets have been properly compiled on the bases stated; and
- (b) within the context of the assumed date of the aforementioned Proposals:
 - (i) such bases are consistent with the accounting policies of Mudajaya; and
 - (ii) the adjustments set out are appropriate for the purposes of the proforma consolidated balance sheets pursuant to the Guidelines.

The accompanying proforma balance sheets and this letter have been prepared solely for the purposes stated above, in connection with the aforementioned Proposals. This letter is not to 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

Yeo Eng Seng
1212/12/04 (J)
Partner

Kuala Lumpur, Malaysia

11. FINANCIAL INFORMATION (cont'd)**MUDAJAYA GROUP BERHAD ("Mudajaya")
PROFORMA CONSOLIDATED BALANCE SHEETS**

	As at 31.10.2003 (Audited) RM'000	Proforma I After the Acquisition RM'000	Proforma II After I, the IPO and the proposed utilisation of proceeds from the Public Issue RM'000
Property, plant and equipment	-	14,415	14,415
Associated companies	-	2,156	2,156
Investments in jointly controlled entities	-	3,767	3,767
Long term investments	-	1,134	1,134
Deferred expenditure	562	562	-
Current Assets			
Development properties	-	35,813	35,813
Inventories	-	332	332
Trade receivables	-	88,567	88,567
Other receivables	-	3,917	3,917
Short term investments	-	1,921	1,921
Deposits with licensed financial institutions	-	5,523	22,735
Cash and bank balances	1	2,220	2,220
	1	138,293	155,505
Current Liabilities			
Amount due to customers on contracts	-	115	115
Trade payables	-	40,472	40,472
Other payables	562	4,039	3,477
Tax payable	-	3,923	3,923
Hire purchase payables	-	2,137	2,137
Bank borrowings	-	7,044	7,044
	562	57,730	57,168
Net current (liabilities)/assets	(561)	80,563	98,337
	1	102,597	119,809

11. FINANCIAL INFORMATION *(cont'd)***MUDAJAYA GROUP BERHAD ("Mudajaya")
PROFORMA CONSOLIDATED BALANCE SHEETS (CONTD.)**

	As at 31.10.2003 (Audited) RM'000	Proforma I After the Acquisition RM'000	Proforma II After I, the IPO and the proposed utilisation of proceeds from the Public Issue RM'000
Share capital	1	60,300	68,000
Non-distributable reserves	-	595	595
Share premium	-	-	9,512
Retained profits	-	32,214	32,214
	1	93,109	110,321
Minority interests	-	8,118	8,118
Hire purchase payables	-	654	654
Deferred taxation	-	716	716
	1	102,597	119,809
No. of ordinary shares ('000)	2	120,600	136,000
Net (liabilities)/tangible assets per ordinary share of RM0.50 each (RM)	(280.50)	0.77	0.81

11. FINANCIAL INFORMATION (*cont'd*)

**MUDAJAYA GROUP BERHAD (“Mudajaya”)
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**

The proforma consolidated balance sheets of Mudajaya, for which the directors are solely responsible, have been prepared based on the audited balance sheets of Mudajaya as at 31 October 2003.

The proforma consolidated balance sheets are provided for illustrative purposes only, to show the effects of the following proposals on the assumption that they were completed on 31 October 2003.

Proforma I

Proforma I incorporates the acquisition of the entire issued and paid-up share capital of MJC together with its subsidiary companies (“MJC Group”) comprising 30,150,000 ordinary shares of RM1.00 each by Mudajaya (hereinafter the new group is referred to as “Mudajaya Group”) for a total purchase consideration of RM75,175,320 which was satisfied by the issue of 120,598,000 new ordinary shares of RM0.50 each in Mudajaya at an issue price of approximately RM0.62 per new ordinary share in Mudajaya (“Acquisition”).

The Acquisition was completed on 1 March 2004 and resulted in an enlarged issued and paid-up share capital of RM60.3 million comprising 120,600,000 ordinary shares of RM0.50 each.

The Acquisition is accounted for using merger method of accounting as the Acquisition meets the relevant criterias under Malaysian Accounting Standards Board Standard 21 - Business Combinations. The merger deficit of RM30.149 million arising from the exchange of shares is adjusted against retained profits.

Proforma II

Proforma II incorporates Proforma I, the IPO and the proposed utilisation of proceeds from the Public Issue.

The IPO comprise the following:

- (i) Public issue of 15,400,000 new ordinary shares of RM0.50 each in Mudajaya at an issue price of RM1.28 per new ordinary share to the Malaysian public and the eligible directors and employees of the Mudajaya Group (“Public Issue”).
- (ii) Offer for sale of 22,600,000 ordinary shares of RM0.50 each in Mudajaya at an offer price of RM1.28 per ordinary share by the offerors to the identified Bumiputera approved by the Ministry of International Trade and Industry and identified investors (“Offer for Sale”)

and the proposed listing of and quotation on the Main Board of the Malaysia Securities Exchange Berhad for the entire enlarged issued and paid-up share capital of Mudajaya (“Listing”).

11. FINANCIAL INFORMATION (cont'd)**MUDAJAYA GROUP BERHAD ("Mudajaya")
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONTD.)**

Proforma II (Contd.)

The Public Issue will result in an enlarged issued and paid-up share capital of RM68 million comprising 136,000,000 ordinary shares of RM0.50 each and share premium of RM12.012 million. The estimated listing expenses relating to the Listing of RM2.5 million is written off against the share premium account.

(a) The movement in the issued and paid-up share capital is tabulated as follows:

	Number of shares	RM'000
As at 31.10.2003	2,000	1
Acquisition	<u>120,598,000</u>	<u>60,299</u>
Proforma I	120,600,000	60,300
Public Issue	<u>15,400,000</u>	<u>7,700</u>
Proforma II	<u><u>136,000,000</u></u>	<u><u>68,000</u></u>

(b) The movement in the share premium is tabulated as follows:

	RM'000
As at 31.10.2003 and Proforma I	-
Premium arising from the Public Issue	12,012
Less: Estimated listing expenses	<u>(2,500)</u>
Proforma II	<u><u>9,512</u></u>

(c) The movement in the retained profits is tabulated as follows:

	RM'000
As at 31.10.2003	-
Acquisition	62,363
Less: Merger deficit	<u>(30,149)</u>
Proforma I and II	<u><u>32,214</u></u>