

12. FINANCIAL INFORMATION

12.1 Consolidated Profit Record

The following table has been extracted from the Accountants' Report included in this Prospectus and should be read in conjunction with the notes and assumptions thereto. The proforma consolidated audited income statements of CBHB for the past five (5) financial years ended 31 December 2002 have been prepared for illustrative purposes only, based on the audited financial statements of the Group and on the assumption that the current structure of the Group has been in existence throughout the period under review:-

	Year ended 31 December				
	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)
Revenue	40,829	73,029	91,405	127,956	151,401
EBIDTA	4,010	8,077	8,334	17,828	23,426
Interest costs	(1,432)	(811)	(642)	(481)	(377)
Depreciation	(1,357)	(1,331)	(1,527)	(2,321)	(3,146)
PBT	1,221	5,935	6,165	15,026	19,903
Taxation	(468)	558	(1,812)	(4,822)	(5,615)
PAT	753	6,493	4,353	10,204	14,288
No. of Shares assumed to be in issue ¹ ('000)	95,250	95,250	95,250	95,250	95,250
Net EPS (sen)	0.79	6.82	4.57	10.71	15.00

Notes: -

1 Assuming that the Acquisition of CBSB had been effected throughout the financial years under review.

- (i) The above proforma consolidated income statements have been prepared without the inclusion of the results of the MGR Group as the MGR Group will be disposed of upon the listing of CBHB. The non-consolidation of the financial results of the MGR Group is in compliance with Paragraph 15(a) of the Malaysian Accounting Standards Board Standard No. 11 – Consolidated Financial Statements and Investments in Subsidiaries, which states that a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future and the subsidiary has not previously been consolidated in the parent's consolidated financial statements.
- (ii) There were no exceptional and extraordinary items in all the financial years under review.
- (iii) There were no minority interests in the financial years under review.
- (iv) All the accounts were reported on without any qualifications throughout the relevant financial years under review.

12.2 Analysis of Revenue and Profit

12.2.1 Commentaries

(i) Financial Year Ended 31 December 1998

For the financial year ended 31 December 1998, revenue decreased by 28.65% mainly due to the softening of the construction industry as a result of the economic downturn. As a consequence, the Group had secured less projects. Nevertheless, PBT increased by 19.49% as gross margins rose from 9.76% in 1997 to 14.66% in 1998. This was mainly attributed to the ability of the Group to obtain favourable discounts on direct materials, labour and overhead.

(ii) Financial Year Ended 31 December 1999

For the financial year ended 31 December 1999, both revenue and PBT increased significantly, by 78.87% and 386.23% respectively, mainly due to the increase in new projects secured during the year amounting to approximately RM116 million and the better margins earned on major building works.

(iii) Financial Year Ended 31 December 2000

The strong growth trend continued in the financial year ended 31 December 2000 as the value of contracts soared to approximately RM124 million. However, PBT only increased by 3.88% as revenue from projects recognised fetched lesser margins than those in the financial year ended 31 December 1999.

(iv) Financial Year Ended 31 December 2001

As a result of Government's expansionary fiscal policy on the construction industry, the Group secured further projects amounting to approximately RM161 million for the financial year ended 31 December 2001. The implication was a sustainable growth trend both in terms of revenue and PBT for the Group. Revenue and PBT increased significantly by 39.99% and 143.75% respectively for the financial year ended 31 December 2001.

(v) Financial Year Ended 31 December 2002

For the financial year ended 31 December 2002, both revenue and PBT increased by 18.32% and 33.03% to approximately RM151 million and RM20 million respectively mainly due to new projects secured amounting to approximately RM325 million.

12.2.2 Segmental Analysis of Turnover and Profit

(i) Analysis of turnover by Companies

The analysis of turnover by the companies within the CBHB Group are set out below:-

	Financial Year Ended 31 December				
	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)
CBHB	-	-	-	-	-
CBSB	40,829	73,029	91,405	127,935	151,336
CLSB	-	-	-	21	65
Total	40,829	73,029	91,405	127,956	151,401

(ii) Analysis of PAT by Companies:-

The analysis of PAT by the companies within the CBHB Group are set out below:-

	Financial Year Ended 31 December				
	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)
CBHB	-	-	-	-	(86)
CBSB	754	6,494	4,354	10,205	14,352
CLSB	(1)	(1)	(1)	(1)	22
Total	753	6,493	4,353	10,204	14,288

12.2.3 Impact of Interest Rates on Operating Profits

The impact of interest rates on operating profits for the five (5) financial years ended 31 December 2002:-

	Financial Year Ended 31 December				
	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)
PBT	1,221	5,935	6,165	15,026	19,903
Interest Expense	1,432	811	642	481	377
PBT Before Interest	2,653	6,746	6,807	15,507	20,280
Interest Coverage Ratio	1.85	8.32	10.60	32.24	53.79

It is to be noted that the interest coverage ratio for the period under review ranged from 1.85 times to 53.79 times.

12.3 Directors' Declaration on Financial Performance

As at 11 April 2003 (being the latest practicable date prior to the printing of this Prospectus), the directors of the Company are of the view that the financial conditions and operations of the Group (excluding the MGR Group) are not affected by any of the following:-

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

12.4 Working Capital, Borrowings, Material Litigation, Capital Commitment and Contingent Liabilities

12.4.1 Working Capital

The directors of CBHB are of the opinion that after taking into account the Group's (excluding the MGR Group) cashflow position and banking facilities available, the Group will have adequate working capital for its present and foreseeable requirements.

12.4.2 Borrowings

As at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), the total borrowings of the Group (excluding the MGR Group) from financial institutions amounted to approximately RM3.655 million, all of which are short-term and interest-bearing in nature.

Save as disclosed above, the Group has no other loan outstanding or created but unissued, mortgages and charges.

12.4.3 Material Litigation

The material litigation pertaining to the MGR Group, as disclosed below, will not be assumed by CBHB as the MGR Group will be disposed of upon the listing of CBHB.

CBHB Group (excluding the MGR Group)

Save as disclosed below, as at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), the Group is not engaged in any litigation, claims or arbitration, either as a plaintiff or defendant, which has a material effect on the financial position or business of the Group, and the directors of CBHB do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and/or adversely affect the financial position or business of the Group.

Suit No.	Parties	Amount	Description
S1(S7)-22-97-2000	Manzer Medical Sdn Bhd ("Manzer") v CBSB	Amount claimed by Manzer: RM1,548,000.00 Counterclaim by CBSB: RM1,550,000.00	Manzer is claiming for liquidated ascertained damages of RM1,548,000.00 for late completion of a project. CBSB has filed a counterclaim of RM1,550,000.00. CBSB's application for summary judgment on their counterclaim is fixed for mention on 8 July 2003. The solicitors for CBSB are of the view that the claim made by Manzer is frivolous, baseless and an afterthought by Manzer, and that CBSB has a good chance of succeeding in the counterclaim.
D7-24-228-2001	Manzer v CBSB	-	An injunction has been granted against CBSB to restrain it from presenting, advertising or proceeding with any winding-up petition against Manzer until the disposal of the related civil suit no. S1(S7)-22-97-2000, wherein there was an admission by Manzer that RM300,000.00 is owing to CBSB.

Suit No.	Parties	Amount	Description
22-335-1996	Shanghai Chong Kee Construction Sdn Bhd ("SCKC") v CBSB	Amount claimed by SCKC: RM249,816.10 Counterclaim by CBSB: General damages	<p>The claim by SCKC relates to the supply of materials and labour for a construction project. CBSB has made a counterclaim for general damages for breach and/or repudiation of the sub-contract agreement, defects in works, failure to give proper drawings and measurements and carrying out unauthorised variation works. Payment for the supply by SCKC is on a back-to-back basis and further, the final account has not been taken.</p> <p>The suit was initially withdrawn by both parties pending an out-of-court settlement proposal. However, SCKC's solicitors have subsequently filed their application to reinstate the case and CBSB's solicitors have also filed their application to dismiss SCKC's solicitors' application to reinstate the case. The matter is now pending the extraction of both applications.</p> <p>The lawyers of CBSB are of the view that SCKC's claim is difficult to be sustained due to breaches of the sub-contract by SCKC.</p>
D3-28-1213-2001	CBSB v Sure Vision Sdn Bhd ("SVSB")	RM188,435.50	<p>The claim by CBSB relates to construction works done. CBSB has obtained a judgment in default of appearance against SVSB and SVSB's application to set aside the judgment was dismissed with costs. SVSB has appealed to the Johor Bharu High Court. In the meantime, CBSB is proceeding with a winding-up petition on the judgment obtained, which is fixed for decision on 16 April 2003. The appeal by SVSB is fixed for hearing on 20 August 2003.</p> <p>The CBSB's solicitors are of the view that there is a possible settlement by SVSB to avoid being wound-up.</p>
4/4-665/02	Yeo Kheng Leong ("Claimant") v CBSB	-	<p>The Claimant has initiated court proceedings for constructive dismissal at the Kuala Lumpur Industrial Court against CBSB.</p> <p>As at 11 April 2003, the Claimant's solicitors have yet to file the Statement of Case. The Court has requested the Claimant's solicitors to give a written application for an extension of time to file the Statement of Case. The Court will fix the next mention date and notify CBSB's solicitors of the same upon receipt of the above written application from the Claimant's solicitors.</p> <p>CBSB's solicitors are unable to comment on the probable outcome as the Statement of Case has yet to be filed by the Claimant's solicitors.</p>
52-3429-02	Setia Maju Plumbing ("SMP") v CBSB	Amount claimed by SMP: RM147,998.25	<p>SMP is claiming from CBSB the outstanding amount owing to SMP for works done pursuant to sub-contracts between the parties.</p> <p>SMP's solicitors had on 27 February 2003 filed their application to amend the Summons and Statement of Claim in court. This matter is fixed for hearing on 16 May 2003.</p> <p>CBSB's solicitors are of the view that CBSB has a strong case against SMP based upon CBSB's Statement of Defence and Counterclaim.</p>

Suit No.	Parties	Amount	Description
22-413-2002	CBSB v Koh Eng Wah ("Defendant")	-	<p>This action is brought by CBSB for the vacant possession of a landed property (No.20, Jalan 11/14, Section 11, 46200 Petaling Jaya, Selangor) and the return of two (2) motor vehicles (Mercedes Benz S280 bearing registration BBS7 and Land Rover Discovery TD1 2.5L bearing registration CB 8888), all of which were under the care of the Defendant during his tenure as a director of CBSB, but which are duly registered under CBSB.</p> <p>The hearing of Application for Amended Reply to Defence and Defence to Counter Claim is fixed on 8 May 2003 while hearing of Application for Summary Judgement is fixed on 18 July 2003.</p> <p>At the Summary Judgment level, should the Court consider that the Defendant has successfully raised triable issues, i.e. issues which would warrant the Court in holding that a full trial ought to be held, and dismisses the application by CBSB's solicitors, the solicitors of CBSB are of the view that CBSB may still be able to succeed during the full trial, through the tendering of evidence and examination of witnesses.</p>
22-557-2002	Koh Eng Wah ("Plaintiff") v CBSB	RM250,000.00	<p>This action is brought by the Plaintiff against CBSB for damages for libel arising from alleged defamatory statements made with regards to advertisements dated 23 March 2002 published in the newspapers The Star, New Straits Times, Utusan Malaysia and Sin Chew Jit Poh.</p> <p>The abovesaid advertisements were made by CBSB for the recovery of two (2) motor vehicles (Mercedes Benz S280 bearing registration BBS7 and Land Rover Discovery TD1 2.5L bearing registration CB 8888) that are duly registered and owned by CBSB, after failing to locate the said vehicles. The advertisements were issued with a reward for the recovery of the said vehicles.</p> <p>CBSB's solicitors have filed their defence in this matter and are awaiting a reply from the Plaintiff's solicitors.</p> <p>CBSB's solicitors are of the view that should they be able to successfully establish their defences through documentary evidence and examination of witness, CBSB stands a chance of succeeding in the above case.</p>
22-556-2002	Koh Eng Wah ("Plaintiff") v CBSB	RM250,000.00	<p>The action is brought by the Plaintiff against CBSB for damages for libel arising from alleged defamatory statements made with regards to a notice published in The Star dated 2 March 2002.</p> <p>The abovesaid notice was issued by CBSB to inform all present and future clients that the Plaintiff was no longer in the employment of CBSB, and therefore no longer represented CBSB.</p> <p>CBSB's solicitors have filed their defence in this matter and are awaiting a reply from the Plaintiff's solicitors.</p> <p>CBSB's solicitors are of the view that should they be able to successfully establish their defences through documentary evidence and examination of witnesses, CBSB stands a chance of succeeding in the above case.</p>

MGR Group

With the appointment of the SA on 11 October 2001, a 12-month moratorium took place, effective from 11 October 2001. The 12-month moratorium has been further extended to 10 October 2003. During this period, no proceedings and no execution or other legal process may be commenced or continued with, and no distress may be levied against MGR except with the prior written consent of Danaharta.

As at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), the MGR Group is engaged in the following material litigations:-

Suit No.	Parties	Amount RM	Description
52-894-2000	MGR v Sabajuta Sdn Bhd and Leong Fung Chow (collectively known as the "Defendants")	RM67,720.17 as at 29 February 2000, together with interest at the rate of 10.30% per annum from 1 March 2000 to the date of full payment and costs.	Action was brought by MGR against the Defendants for an amount of RM67,720.17 as at 29 February 2000, together with interest at the rate of 10.30% per annum from 1 March 2000 to the date of full payment and costs, for logs supplied. The suit was heard on 9 April 2002 and was adjourned to 4 June 2002 where the parties confirmed the filing of pleadings. Subsequently, no further hearing date was given by the court. Defendants' solicitors had indicated that they wanted to file an application to strike out the statement of claim but as at 11 April 2003, no application has been filed. The MGR's solicitors are awaiting instructions from MGR to proceed with the Notice for Directions and set the case down for trial and are of the view that the outcome of the case is dependent on whether the supporting evidence for the counterclaim by the Defendants are admitted and proven. Their advice is to seek out-of-court settlement.
SC 52-82 of 2002	MGR v Veisheng Timber Sdn Bhd ("Defendant")	RM71,394.00 as at 29 February 2000, together with interest at the rate of 10.30% per annum from 1 March 2000 to the date of full payment and costs.	Action brought by MGR against the Defendant for an amount of RM71,394.00 as at 29 February 2000, together with interest at the rate of 10.30% per annum from 1 March 2000 to the date of full payment and costs, for logs supplied. MGR's solicitors have opined that as the Defendant did not dispute the cause of action or amount claimed but merely stated that the amount has been settled through one Mr David Wu, an ex-director of MGR. Accordingly, the burden is on the Defendant to show that the said Mr David Wu received the payment on behalf of MGR. As such, MGR had been advised to proceed with the court action. The trial for this case was completed on 27 March 2003. The Defendant was unable to call the ex-director of MGR as witness but managed to produce documents allegedly from him which showed that the matter had been settled. The success of MGR in this case will depend on how much weight the Judge will attach to the said documents in the absence of the said witness verifying the matter. The MGR's solicitors opined that there is a 50% chance of success in this case, depending on whether the Judge is persuaded by the contention of MGR's solicitors that the payment of RM71,000 by the Defendant to the ex-director was an internal matter and is of no concern to MGR.

Suit No.	Parties	Amount RM	Description
52-838-2000	Kimanis Bay Timber Sdn Bhd ("Plaintiff") v Borneo Wood (Sabah) Sdn Bhd ("Defendant")	RM186,686.33 as at 29 February 2000, together with interest at the rate of 10.30% per annum from 1 March 2000 to the date of full payment and costs.	Action brought by the Plaintiff, a subsidiary of MGR against the Defendant for an amount of RM186,686.33 as at 29 February 2000, together with interest at the rate of 10.30% per annum from 1 March 2000 to the date of full payment and costs, for failure by the Defendant to supply logs to set off the monies advanced to them by the Plaintiff. The Defendant has filed their Defence and Counterclaim and the Plaintiff has filed their Reply and Defence to Counterclaim. No hearing date has been fixed as the Plaintiff's solicitors have yet to receive instructions from the Plaintiff to set the case down for trial. The Plaintiff's solicitors are of the opinion that the outcome of this suit is unpredictable. The Plaintiff's solicitors advice is to seek out-of-court settlement where each party should withdraw their claim with no order as to costs.
K22-191-2000	MGR v Borneo Wood (Sabah) Sdn Bhd ("Defendant")	RM706,679.79 as at 29 February 2000, together with interest at the rate of 10.30% per annum from 1 March 2000 to the date of full payment and costs.	Action brought by MGR against the Defendant for an amount of RM706,679.79 as at 29 February 2000, together with interest at the rate of 10.30% per annum from 1 March 2000 to the date of full payment and costs, for logs supplied. The Defendant has filed their Defence and Counterclaim and MGR has filed a Reply and Defence to Counterclaim. No hearing date has been fixed as MGR's solicitors have yet to receive instructions from MGR to set the case down for trial. As there are complicated issues to be tried, MGR's solicitors are of the opinion that the outcome of this suit is unpredictable.
TSC 52-24-2001	MGR v Asiatic Sawmilling Enterprise Sdn Bhd ("Defendant")	RM103,954.43 as at 29 February 2000, together with interest at the rate of 10.30% per annum from 1 March 2000 to the date of full payment and costs.	Action brought by MGR against the Defendant for an amount of RM103,954.43 as at 29 February 2000, together with interest at the rate of 10.30% per annum from 1 March 2000 to the date of full payment and costs, for logs supplied. The trial is fixed on the 14 to 15 April 2003 and MGR's solicitors are of the opinion that the prospects of success should be reasonable and have advised MGR to proceed with the action.
SC 44 of 1990	Papar Timber Industries Development (S) Sdn Bhd ("Plaintiff") v MGR	RM80,000.00 as at 20 December 1988 together with interest at the rate of 8% per annum from 20 December 1988 until the date of judgment and statutory interest at the rate of 8% per annum from the date of judgment to the date of full payment and costs.	Action was brought by the Plaintiff against MGR for an amount of RM80,000.00 as at 20 December 1988 together with interest at the rate of 8% per annum from 20 December 1988 until the date of judgment and statutory interest at the rate of 8% per annum from the date of judgment to the date of full payment and costs, for breach of contract from failure to make payment of RM80,000.00, being the price of a vehicle sold by the Plaintiff to MGR, the ownership of which has been duly transferred to MGR. Trial dates have yet to be fixed by the Court. MGR's solicitors are of the opinion that an out-of-court settlement should be negotiated if the trial dates are eventually fixed.

Suit No.	Parties	Amount RM	Description
Kuala Lumpur High Court Suit No: D7-22-1656-2002	Rintisan Bumi (M) Sdn Bhd ("Plaintiff") v MGR	RM500,000.00 with interest thereon at the rate of 8% per annum from the date of judgment to date of full payment and costs.	<p>Action was brought by the Plaintiff against MGR for an amount of RM500,000.00 with interest thereon at the rate of 8% per annum from the date of judgment to the date of full payment and costs, for refund of earnest money of RM500,000.00 which was forfeited by MGR in connection with the Plaintiff's offer to purchase MGR's assets and business.</p> <p>MGR's solicitors have opined that the action is misconceived from the outset as it was commenced and now continued without the prior consent of Danaharta. The Plaintiff is therefore in breach of Section 41(3) of the Danaharta Act. Based on the documents and information available, MGR's solicitors are also of the view that the action is devoid of merit and ought to be dismissed with costs. The matter is now fixed for pre-trial case management on 6 May 2003.</p>

12.4.4 Material Capital Commitments

CBHB Group (excluding the MGR Group)

As at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), the directors of CBHB are not aware of any capital commitments incurred or known to be incurred by the Group which may have a material impact on the financial position or business of the Group.

MGR Group

Based on the audited consolidated financial statements of MGR for the financial year ended 30 September 2002 (being the latest audited financial statements available prior to the printing of this Prospectus), as at 30 September 2002, no capital commitments has been incurred or known to be incurred by the MGR Group which may have a material impact on the financial position or business of the MGR Group.

12.4.5 Contingent Liabilities

The contingent liabilities pertaining to the MGR Group, as disclosed below, will not be assumed by CBHB as the MGR Group will be disposed of upon the listing of CBHB.

CBHB Group (excluding the MGR Group)

As at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), the directors of CBHB are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position or business of the Group.

MGR Group

Based on the audited consolidated financial statements of MGR for the financial year ended 30 September 2002 (being the latest audited financial statements available prior to the printing of this Prospectus), as at 30 September 2002, the MGR Group has the following contingent liability:-

Name of Company	Amount (RM)	Description
Papar Timber Industries Development (S) Sdn Bhd ("Papar")	80,000.00	Claim by Papar, a supplier of MGR in relation to a dispute over a transaction where the amount payable for an asset purchased from Papar was set off against an amount receivable for goods sold by the Company to Papar.

The above contingent liability had been addressed under the Workout Proposal. In accordance with the Workout Proposal, the MGR Creditors who are affected and/or included in the Workout Proposal shall not commence or continue any action, proceedings, suit or arbitration against MGR, or levy any execution or otherwise enforce or seek to enforce any judgement against or security over any asset of MGR or to re-possess any asset in the possession, custody or control of MGR, or take any steps to wind up MGR in respect of any debt or claims against MGR.

12.5 **Proforma Consolidated Profit Forecast of CBHB for the Financial Year Ending 31 December 2003 and the Reporting Accountants' Letter Thereon**
(Prepared for the inclusion in this Prospectus)

GEP ASSOCIATES
CHARTERED ACCOUNTANTS AF 1030
A member firm of AGN International

Wisma GEP
25 Jalan PJU 1/42A
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Telephone
(+60 3) 7803 3390
Facsimile
(+60 3) 7803 3603
E-mail
esther@gep.com.my
Other Offices
Penang
Johor Bahru

Date: 11 April 2003

The Board of Directors
Crest Builder Holdings Berhad
14-2, Jalan 4A/27A
Section 2, Wangsa Maju
53300 Kuala Lumpur

Dear Sirs,


REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2003

We have reviewed the accounting policies and calculations for the consolidated profit forecast of Crest Builder Holdings Berhad and its subsidiaries ("the Group") for the year ending 31 December 2003, for which the Directors are solely responsible, as set out in the Prospectus dated 23 April 2003 in connection with the Restructuring Scheme of MGR Corporation Berhad (Special Administrators Appointed), which we have stamped for the purpose of identification.

In our opinion, the consolidated profit forecast, insofar as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the Prospectus and is presented on the basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,


.....
GEP ASSOCIATES
No : AF 1030
Chartered Accountants


.....
ESTHER TAN CHOON HWA
No: 1023 / 03 / 04 (J)
Partner

**CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING
31 DECEMBER 2003**

The Directors of the Group forecast that, barring any unforeseen circumstances and on the bases and assumptions set out below, the Group's consolidated profit after taxation, minority interest and dividends for the year ending 31 December 2003 will be as follows :-

	Forecast 2003 RM'000
Revenue	<u>187,092</u>
Consolidated profit before taxation	20,983
Taxation	<u>(6,938)</u>
Consolidated profit after taxation	14,045
Minority interest	<u>-</u>
Consolidated profit after tax and minority interest	14,045
Pre-acquisition profit	<u>(2,341)</u>
Profit attributable to shareholders	11,704
Dividends	<u>(2,057)</u>
Consolidated profit after tax after dividends	<u>9,647</u>
Number of shares assumed in issue	95,249,500
Gross earnings per share (RM)	0.22
Net earnings per share (RM)	0.15
Net price-earnings multiple based on offer price of RM1.00 per share (times)	6.78

Notes :-

- 1) Gross earnings per share is calculated based on consolidated profit before taxation but after minority interest.
- 2) Net earnings per share is calculated based on consolidated profit after taxation and minority interest but before deducting pre-acquisition profit.

BASES AND ASSUMPTIONS

The principal bases and assumptions upon which the Group's consolidated profit forecast have been arrived at are set out below :-

- a) There will be no material changes in the principal activities, management structure, accounting and business policies adopted by the Group.
- b) The existing terms and conditions of contracts and agreements entered into by the Group will remain in force.
- c) There will be no other abnormal factors or changes, which may materially affect the operations at the forecasted levels.
- d) There will be no material changes in the present legislation, bases of corporate tax, levies and duties, which will adversely affect the operations of the Group or the market in which it operates.
- e) The prevailing market conditions for the Group's operations will not change materially.
- f) The prevailing economic and political environment in Malaysia and in the markets in which the Group operate will continue and will not have significant adverse effects on the activities of the Group to be conducted at forecasted level.
- g) The rates and bases of taxation applicable to the Group will not deviate substantially from present level of 28%.
- h) The Group will continue to enjoy the existing financing facilities at current conditions and rates. The financing facilities are subject to annual review by the licensed banks. It is assumed that it will be renewed with no changes to existing terms and conditions.
- i) Exchange rates of foreign currencies will not fluctuate significantly from the prevailing rates.
- j) There will be no material change to the present inflation rate.
- k) There will be no limitations on the availability of labour supply and raw materials.
- l) There will be no material fluctuations in the cost of construction, that is, cost of building materials, labour and other overheads.
- m) The implementation of secured and forecasted contracts will not deviate materially from the original schedule.
- n) There will be no unforeseen abnormal or extraordinary items.
- o) The shares have been issued on 25 February 2003 pursuant to the Acquisition of CBSB.
- p) The ICULS and RCULS have been issued on 25 February 2003.
- q) The forecasted revenue and related costs are based on forecasts of the Directors after taking into consideration the present conditions of revenue and related costs of the Group.
- r) Projects are assumed to be able to contribute 16% gross margin on an average basis.

- s) Other income generated from the amounts of surplus bank balances placed under fixed deposits is assumed to earn interest at 3.2% p.a.
- t) Administrative expense will increase by 10% annually to cater for inflation.
- u) Goodwill is amortised over 25 years on a straight-line basis.
- v) Dividends of 3% less income tax of 28% will be payable in the financial year ending 31 December 2003.
- w) Interest on ICULS will be 3% for the financial year 31 December 2003.
- x) Interest on RCULS will be 1 % for the financial year 31 December 2003.
- y) An estimated cost of RM3.16 million incurred in the financial year ending 31 December 2003 for the Restructuring Scheme will be written off against capital reserve arising from the Warrant Issue. The completion date of the Warrant Issue is assumed to be 30 April 2003.

12.6 Proforma Consolidated Balance Sheet of CBHB as at 31 December 2002 and the Reporting Accountants' Letter Thereon
(Prepared for the inclusion in this Prospectus)

GEP ASSOCIATES
CHARTERED ACCOUNTANTS AF 1030
.....A member firm of AGN International

Wisma GEP
25 Jalan PJU 1/42A
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Telephone
(+60 3) 7803 3390
Facsimile
(+60 3) 7803 3603
E-mail
esther@gep.com.my
Other Offices
Penang
Johor Bahru

Date: 11 April 2003

The Board of Directors
Crest Builder Holdings Berhad
14-2, Jalan 4A/27A
Section 2, Wangsa Maju
53300 Kuala Lumpur


Dear Sirs,

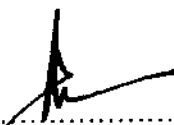
REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Crest Builder Holdings Berhad and its Subsidiary Companies ("the Group") as at 31 December 2002 together with the notes and assumptions thereon, for which the Directors are solely responsible, as set out in the Prospectus of Crest Builder Holdings Berhad dated 23 April 2003 in connection with the Restructuring Scheme of MGR Corporation Berhad (Special Administrators Appointed).

In our opinion, the Proforma Consolidated Balance Sheets together with accompanying notes thereon, which are provided for illustrative purposes only, have been properly compiled on a basis consistent with the accounting principles normally adopted by the Group and are presented in a form suitable for inclusion in the said Prospectus.

Yours faithfully,


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GEP ASSOCIATES
No: AF 1030
Chartered Accountants


.....
ESTHER TAN CHOON HWA
No: 1023 / 03 / 04 (J)
Partner of the Firm

The Proforma Consolidated Balance Sheets of Crest Builder Holdings Berhad ("CBHB") and its subsidiaries set out below have been prepared solely for illustrative purposes to show the effects of the restructuring scheme on the assumptions that the transactions were completed on 31 December 2002 :-

SCENARIO I - ASSUME REDEMPTION OF RCULS		(I)	(II)	(III)	(IV)	(V)	(VI)
CBHB Existing	RM'000	After Share Exchange	After (I) and Acquisition of CBSB	After (II) and ICULS and RCULS Issue	After (III) and Warrant Issue	After (IV) and Utilisation of Proceeds from Warrant Issue	After (V) and Full Conversion/ Redemption/Exercise of ICULS, RCULS and Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PROPERTY, PLANT AND EQUIPMENT	-	-	21,477	21,477	21,477	21,477	21,477
INVESTMENTS	-	-	270	270	270	270	270
INTANGIBLES	1,753	1,753	1,753	1,753	1,753	1,753	1,753
GOODWILL	-	2,513	42,576	71,076	71,076	78,076	78,076
	1,753	4,266	66,076	94,576	94,576	101,576	101,576
CURRENT ASSETS							
TRADE AND OTHER RECEIVABLES	-	-	43,727	43,727	43,727	43,727	43,727
FIXED DEPOSITS WITH LICENSED BANKS	-	-	13,332	13,332	13,332	13,332	13,332
CASH AND BANK BALANCES	10	10	10,812	10,812	18,012	7,852	21,852
	10	10	67,871	67,871	75,071	64,911	78,911
CURRENT LIABILITIES							
TRADE AND OTHER PAYABLES	1,839	1,839	32,650	32,650	32,650	32,650	32,650
HIRE PURCHASE CREDITORS	-	-	1,909	1,909	1,909	1,909	1,909
TAXATION	-	-	1,996	1,996	1,996	1,996	1,996
	1,839	1,839	36,555	36,555	36,555	36,555	36,555
NET CURRENT (LIABILITIES) / ASSETS	(1,829)	(1,829)	31,316	31,316	38,516	28,356	42,356
	(76)	2,437	97,392	125,892	133,092	129,932	143,932

	(I) After Share Exchange	(II) After (I) and Acquisition of CBSB	(III) After (II) and ICULS and RCULS Issue	(IV) After (III) and Warrant Issue	(V) After (IV) and Utilisation of Proceeds from Warrant Issue	(VI) After (V) and Full Conversion/ Redemption/Exercise of ICULS, RCULS and Warrants
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CAPITAL AND RESERVE						
SHARE CAPITAL	10	2,523	95,250	95,250	95,250	137,750
ACCUMULATED LOSSES	(86)	(86)	(86)	(86)	(86)	(86)
CAPITAL RESERVE	-	-	-	7,200	4,040	4,040
SHAREHOLDERS' EQUITY	(76)	2,437	95,164	102,364	99,204	141,704
LONG TERM LIABILITIES						
ICULS	-	-	18,500	18,500	18,500	-
RCULS	-	-	10,000	10,000	10,000	-
DEFERRED TAXATION	-	1,367	1,367	1,367	1,367	1,367
HIRE PURCHASE CREDITORS	-	861	861	861	861	861
	-	2,228	30,728	30,728	30,728	2,228
	(76)	2,437	125,892	133,092	129,932	143,932
SHAREHOLDERS' EQUITY	(76)	2,437	95,164	102,364	99,204	141,704
LESS: INTANGIBLES ASSETS	1,753	4,266	72,829	72,829	79,829	79,829
NET TANGIBLE ASSETS ("NTA")	(1,829)	(1,829)	22,335	29,535	19,375	61,875
NTA PER SHARE (RM)	(182.90)	(0.72)	0.23	0.31	0.20	0.45

SCENARIO 2 - ASSUME CONVERSION OF RCULS						
	(I)	(II)	(III)	(IV)	(V)	(VI)
	After Share Exchange	After (I) and Acquisition of CBSB	After (II) and ICULS and RCULS Issue	After (III) and Warrant Issue	After (IV) and Utilisation of Proceeds from Warrants Issue	After (V) and Full Conversion/ Exercise of ICULS, RCULS and Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PROPERTY, PLANT AND EQUIPMENT	-	21,477	21,477	21,477	21,477	21,477
INVESTMENTS	-	270	270	270	270	270
INTANGIBLES	1,753	1,753	1,753	1,753	1,753	1,753
GOODWILL	-	42,576	71,076	71,076	78,076	78,076
	1,753	66,076	94,576	94,576	101,576	101,576
CURRENT ASSETS						
TRADE AND OTHER RECEIVABLES	-	43,727	43,727	43,727	43,727	43,727
FIXED DEPOSITS WITH LICENSED BANKS	-	13,332	13,332	13,332	13,332	13,332
CASH AND BANK BALANCES	10	10,812	10,812	18,012	7,852	31,852
	10	67,871	67,871	75,071	64,911	88,911
CURRENT LIABILITIES						
TRADE AND OTHER PAYABLES	1,839	32,650	32,650	32,650	32,650	32,650
HIRE PURCHASE CREDITORS	-	1,909	1,909	1,909	1,909	1,909
TAXATION	-	1,996	1,996	1,996	1,996	1,996
	1,839	36,555	36,555	36,555	36,555	36,555
	(1,829)	31,316	31,316	38,516	28,356	52,356
NET CURRENT (LIABILITIES) / ASSETS	(76)	97,392	125,892	133,092	129,932	153,932

	(I)	(II)	(III)	(IV)	(V)	(VI)
CBHB Existing	After Share Exchange	After (I) and Acquisition of CBSB	After (II) and ICULS and RCULS Issue	After (III) and Warrant Issue	After (IV) and Utilisation of Proceeds from Warrants Issue	After (V) and Full Conversion/ Exercise of ICULS, RCULS and Warrants
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CAPITAL AND RESERVE						
SHARE CAPITAL	10	2,523	95,250	95,250	95,250	147,750
ACCUMULATED LOSSES	(86)	(86)	(86)	(86)	(86)	(86)
CAPITAL RESERVE	-	-	-	7,200	4,040	4,040
SHAREHOLDERS' EQUITY	(76)	2,437	95,164	102,364	99,204	151,704
LONG TERM LIABILITIES						
ICULS	-	-	18,500	18,500	18,500	-
RCULS	-	-	10,000	10,000	10,000	-
DEFERRED TAXATION	-	1,367	1,367	1,367	1,367	1,367
HIRE PURCHASE CREDITORS	-	861	861	861	861	861
	-	2,228	30,728	30,728	30,728	2,228
(76)	2,437	97,392	125,892	133,092	129,932	153,932
SHAREHOLDERS' EQUITY						
	(76)	2,437	95,164	102,364	99,204	151,704
LESS: INTANGIBLES ASSETS	1,753	4,266	44,329	72,829	79,829	79,829
NET TANGIBLE ASSETS ("NTA")	(1,829)	(1,829)	50,835	29,535	19,375	71,875
NTA PER SHARE (RM)	(182.90)	(0.72)	0.53	0.31	0.20	0.49

NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF THE GROUP AS AT 31 DECEMBER 2002

1. The proforma consolidated balance sheets have been prepared based on the audited consolidated balance sheet of Crest Builder Sdn Bhd (“CBSB”) as at 31 December 2002 and the balance sheet of Crest Builder Holdings Berhad (“CBHB”) as at 31 December 2002.

The proforma consolidated balance sheets have been provided for illustrative purposes only to show the effects of the following on the assumption that they were effected on 31 December 2002 :-

- i) Incorporation of a new public limited company in Malaysia, CBHB for the purpose of implementing the Restructuring Scheme;
- ii) Acquisition by CBHB of MGR Corporation Berhad (Special Administrators Appointed) (“MGR”) involving the issuance of 2,512,500 new ordinary shares of RM1-00 each in CBHB (“CBHB shares”) to the existing shareholders of MGR on the basis of one (1) new CBHB share for every twenty (20) ordinary shares of RM1-00 each in MGR (“MGR shares”) held (“Share Exchange”);
- iii) Acquisition by CBHB of the entire issued and paid-up share capital of Crest Builder Sdn Bhd (“CBSB”) from the vendors of CBSB, namely Yong Soon Chow (“YSC”), Koh Hua Lan, Pertiwi Positif Sdn Bhd, Takrif Jaya Sdn Bhd and Capai Hasil Sdn Bhd (collectively known as “CBSB vendors”) for a total consideration of RM92,727,000 to be satisfied by the issuance of 92,727,000 new CBHB shares at an issue price of RM1-00 per CBHB share (“Acquisition of CBSB”);
- iv) Exemption to the CBSB vendors from the obligation to undertake a mandatory take-over offer for the remaining CBHB shares not already owned by the CBSB vendors upon the completion of the acquisition of CBSB;
- v) Debt settlement of the amount owing by MGR to the creditors of MGR (“MGR Creditors”) involving the following :-
 - (1) Cash payment of RM7,000,000 to MGR, MGR Creditors and/or the agent of MGR Creditors (“MGR Creditors’ Agent”);
 - (2) Issue of RM18,500,000 nominal value of ICULS at 100% of the nominal value of RM1-00 each and RM10,000,000 nominal value of RCULS at 100% of the nominal value of RM1-00 each by CBHB to MGR, MGR Creditors and/or MGR Creditors’ Agent;
 - (3) Transfer of 3,000,000 CBHB shares from YSC to MGR, MGR Creditors and/or MGR Creditors’ Agent; and
 - (4) Put and call options in respect of the ICULS and RCULS to be entered into between YSC and MGR, MGR Creditors and/or MGR Creditors’ Agent;
- vi) Rights issue of 24,000,000 warrants by CBHB to the shareholders of CBHB upon the completion of the Share Exchange and Acquisition of CBSB on the basis of 1.008 warrants for every four (4) CBHB shares held at an issue price of RM0-30 per warrant;

- vii) Offer for sale/placement by YSC and MGR, MGR Creditors and/or MGR Creditors' Agent of 16,200,000 CBHB shares to the existing shareholders of MGR and the Malaysian public [including but not limited to directors, employees, customers, suppliers and business associates of CBHB and its subsidiaries ("CBHB Group")] and the potential investors at an offer price of RM1-00 per CBHB share;
 - viii) Offer for sale by the MGR, MGR Creditors and/or MGR Creditors' Agent of RM100,000 nominal value of ICULS at 100% of the nominal value of RM1-00 each and RM100,000 nominal value of RCULS at 100% of the nominal value of RM1-00 each to the employees of the CBHB Group;
 - ix) Transfer of the listing status of MGR on the Second Board of Kuala Lumpur Stock Exchange ("KLSE") to CBHB;
 - x) Disposal of the entire issued and paid-up share capital of MGR to the Special Administrator of MGR("SA") or to a special purpose vehicle nominated by the SA for a nominal consideration of RM1-00;
- (Hereinafter collectively referred to as the "Restructuring Scheme")
- xi) Conversion of the RM18,500,000 nominal value of ICULS at 100% of the nominal value of RM1-00 each to 18,500,000 new CBHB shares of RM1-00 each at par;
 - xii) Redemption of the RM10,000,000 nominal value of RCULS at 100% of the nominal value of RM1-00 each; and
 - xiii) Exercise of the warrants at an exercise price of RM1-00 each.

2. SHARE CAPITAL

The movement in the issued and paid up capital of CBHB after implementation of the restructuring and listing exercise set out in Proforma I, II, III and IV above are as follows :-

Scenario 1 (Assume Redemption of RCULS)

	<u>RM'000</u>
Paid-up share capital upon incorporation of CBHB	10
To be issued pursuant to the Share Exchange - Proforma I	2,513
To be issued pursuant to the Acquisition of CBSB - Proforma II	92,727
As shown in Proforma II, III and IV	95,250
To be issued pursuant to full conversion of the ICULS - Proforma VI	18,500
To be issued pursuant to full exercise of warrants - Proforma VI	24,000
As shown in Proforma VI	<u>137,750</u>

Scenario 2 (Assume Conversion of RCULS)RM'000

Paid-up share capital upon incorporation of CBHB	10
To be issued pursuant to the Share Exchange - Proforma I	2,513
To be issued pursuant to the Acquisition of CBSB - Proforma II	92,727
As shown in Proforma II, III and IV	95,250
To be issued pursuant to full conversion of the ICULS - Proforma VI	18,500
To be issued pursuant to full conversion of the RCULS - Proforma VI	10,000
To be issued pursuant to full exercise of warrants - Proforma VI	24,000
As shown in Proforma VI	147,750

- Inter-company balances have been eliminated in arriving at the proforma consolidated balance sheets.
- The proforma consolidated balance sheets of CBHB are arrived at using the acquisition method of accounting for CBSB and its subsidiary.
- The restructuring expenses of RM3,160,000 shall be written off against the capital reserve arising from the proceeds from the Warrant Issue.
- Out of the RM7,200,000 gross proceeds from the Warrant Issue, RM7,000,000 will be utilised to repay MGR, MGR Creditors and/or MGR Creditors' Agent.
- The net tangible assets ("NTA") per share is calculated by dividing the NTA by the ordinary shares of CBHB in issue at the relevant stages. In arriving at the NTA, both goodwill on consolidation and intangibles have been deducted from the net assets.
- Assets and liabilities of MGR will not be consolidated after the Share Exchange since it is the intention of CBHB to acquire and hold MGR exclusively for the implementation of the Restructuring Scheme with a view to its subsequent disposal.
- The proforma consolidated balance sheets have been prepared on the accounting principles and bases consistent with those normally adopted in the preparation of audited financial statements of the Group.

Proforma I

Proforma I incorporates the effects of acquisition by CBHB of MGR involving the issuance of 2,512,500 new ordinary shares of RM1-00 each in CBHB to the existing shareholders of MGR on the basis of one (1) new ordinary share in CBHB ("CBHB Share") for every twenty (20) ordinary shares of RM1-00 each in MGR held.

Proforma II

Proforma II incorporates the effects of Proforma I and acquisition by CBHB of the entire issued and paid-up share capital of CBSB from the vendors of CBSB, namely, Yong Soon Chow, Koh Hua Lan, Pertiwi Positif Sdn Bhd, Takrif Jaya Sdn Bhd and Capai Hasil Sdn Bhd (collectively known as "CBSB Vendors") for a total consideration of RM92,727,000 to be satisfied by the issuance of 92,727,000 new CBHB Shares at an issue price of RM1-00 per CBHB Share.

Proforma III

Proforma III incorporates the effects of Proforma II and the issue of RM18,500,000 nominal value of Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) at 100% of the nominal value of RM1-00 each and RM10,000,000 nominal value of Redeemable Convertible Unsecured Loan Stocks (“RCULS”) at 100% of the nominal value of RM1-00 each by CBHB to MGR, MGR Creditors and/or MGR Creditors’ Agent.

Proforma IV

Proforma IV incorporates the effects of Proforma III and the rights issue of 24,000,000 warrants by CBHB upon the completion of the Share Exchange and Acquisition of CBSB on the basis of 1.008 warrants for four (4) CBHB Shares held at an issue price of RM0-30 per warrant.

Proforma V

Proforma V incorporates the effects of Proforma IV and the following events :-

- a) Cash payment of RM7,000,000 to MGR, MGR Creditors and/or the agent of MGR Creditors; and
- b) Cash payment of RM3,160,000 for restructuring expenses;

Proforma VI (Scenario 1 – Assume Redemption of RCULS)

Proforma VI incorporates the effects of Proforma V and the following events :-

- a) Conversion of the RM18,500,000 nominal value of ICULS at 100% of the nominal value of RM1-00 each to 18,500,000 new CBHB shares of RM1-00 each at par;
- b) Redemption of the RM10,000,000 nominal value of RCULS at 100% of the nominal value of RM1-00 each; and
- c) Exercise of the warrants at an exercise price of RM1-00 each.

Proforma VI (Scenario 2 – Assume Conversion of RCULS)

Proforma VI incorporates the effects of Proforma V and the following events :-

- a) Conversion of the RM18,500,000 nominal value of ICULS at 100% of the nominal value of RM1-00 each to 18,500,000 new CBHB shares of RM1-00 each at par;
- b) Conversion of the RM10,000,000 nominal value of RCULS at 100% of the nominal value of RM1-00 each to 10,000,000 new CBHB shares of RM1-00 each at par; and
- c) Exercise of the warrants at an exercise price of RM1-00 each.