

# **IPO PROFIT FORECASTS OF MALAYSIAN CONSTRUCTION COMPANIES: AN INVESTOR'S PERSPECTIVE**

Prepared by: Ong Yean Kar

## **ABSTRACT**

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There were many researches on the IPO profit forecasts, yet the investors' perceptions on the IPO profit forecast are largely unexplored. The inaccuracy of profit forecasts evidenced by past research has eroded the public's confidence in the accuracy of the IPO profit forecasts. In addition, in view of the SC's objective to fulfill the needs of IPO investors, there is an urgent need to identify the investors' perceptions.

This study extends the literature to examine whether there is a gap between the accuracy of the profit forecasts and the perceived accuracy of the profit forecasts by the investors. In addition, the usefulness of IPO prospectus and IPO profit forecast and the perceptions of IPO investors on the items disclosed in relation to the IPO profit forecast are examined in this research. This research also focuses on Malaysian construction companies, which are critical in making accurate profit forecasts due to their volatility and hypersensitivity to the external environment. It is worth exploring the behaviors of the IPO investors in these companies.

The researcher identifies an Accuracy Perception Gap (APG) between the accuracy of IPO profit forecasts of Malaysian construction companies and the perceived accuracy of IPO profit forecasts of Malaysian construction companies by the IPO investors. Moreover, the IPO prospectuses and IPO profit forecast of Malaysian construction companies are perceived as useful by the IPO investors of these companies. Finally, IPO investors are satisfied with the disclosure of IPO profit forecast.