

10. ACCOUNTANTS' REPORT



**Board of Directors
Ranhill Berhad
(Company No. 430537-K)
PwC/MDZ/PC/sd/0463J
19 December 2000**

7 SUMMARISED INCOME STATEMENTS (CONTINUED)

7.6 RSG (CONTINUED)

Notes:

(i) The turnover for the financial year ended 30 June 1998 and 1999 was significantly higher than the financial period ended 30 June 1997 as its main project was at its initial stage of work at the end of the financial period ended 30 June 1997. The lower turnover for the year ended 30 June 2000 is due to the near completion of the water supply project during the year.

(ii) The higher effective tax rate for 1997 is due to over provision made, which was subsequently reversed in 1999.

No provision has been made for Malaysian income tax in respect of business income earned by RSG for the financial year ended 30 June 1999 pursuant to the Income Tax (Amendment) Act, 1999.

(iii) There was no extraordinary item for the period/years under review.

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PRICEWATERHOUSECOOPERS

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7 SUMMARISED INCOME STATEMENTS (CONTINUED)

7.7 RC

The summarised income statements based on audited financial statements of RC for the financial period ended 31 December 1996, the three (3) financial years ended 31 December 1999 and the six (6) months period ended 30 June 2000 are as follows:

	From 9.11.1995 (date of incorporation) to 31.12.1996 RM'000	← Year ended 31 December →			6 months ended 30.6.2000 RM'000
		1997 RM'000	1998 RM'000	1999 RM'000	
Turnover (note i)	3,104	4,778	23,464	2,127	354
Profit before taxation, depreciation and interest	938	1,073	3,738	739	201
Depreciation	(22)	(131)	(248)	(250)	(108)
Interest	(3)	(26)	(24)	(20)	(4)
Profit before tax	913	916	3,466	469	89
Taxation (note ii)	(261)	(264)	(985)	-	(47)
Profit after taxation	<u>652</u>	<u>652</u>	<u>2,481</u>	<u>469</u>	<u>42</u>
Weighted average number of ordinary shares in issue ('000)	113	451	500	500	500
Basic earnings per share (RM)	5.05 *	1.44	4.96	0.94	0.17*

* Annualised

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7 SUMMARISED INCOME STATEMENTS (CONTINUED)

7.7 RC (CONTINUED)

Notes:

- (i) The significant growth rate in 1998 was due to the billing of preliminary work done on Kota Tinggi Mersing Endau (KTME) coastal highway project. The project was terminated due to financial difficulties faced by the client in financing the project. However, income from project management fees showed a decreasing trend due to the generally depressed economic condition which resulted in slow progress of the projects managed by RCSB.

Turnover for 1996, 1997 and 1998 are billed mainly to RCSB's holding company, KPRJ. In 1999, approximately 95% of the turnover was made to KPRJ.
- (ii) No provision has been made for Malaysian income tax in respect of business income tax in respect of business income earned by RCSB for the financial period ended 31 December 1999 pursuant to Section 8 of the Income Tax (Amendment) Act, 1999. The higher effective tax rate for the six (6) months ended 30 June 2000 is mainly due to certain expenses disallowed for tax purposes.
- (iii) There was no extraordinary item for the financial periods/years under review.

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7 SUMMARISED INCOME STATEMENTS (CONTINUED)

7.8 REC

The summarised income statements based on the audited financial statements of REC for the two (2) financial years ended 31 March 1996, seventeen (17) months period ended 31 August 1997, two (2) financial years ended 31 August 1999 and 10 months period ended 30 June 2000, are as follows:

	Year ended 31.3.1995 RM'000	Year ended 31.3.1996 RM'000	17 months ended 31.8.1997 RM'000	Year ended 31.8.1998 RM'000	Year ended 31.8.1999 RM'000	10 months ended 30.6.2000 RM'000
Turnover (note i)	9,412	4,039	28,418	12,289	7,234	12,790
Profit before taxation, depreciation and interest	1,731	321	693	1,168	1,336	1,771
Depreciation	(160)	(161)	(271)	(413)	(335)	(284)
Interest	(7)	(11)	(172)	(12)	(5)	(36)
Profit before taxation	1,564	149	250	743	996	1,451
Taxation (note ii)	(429)	(46)	(207)	(276)	-	122
Profit after taxation	1,135	103	43	467	996	1,573
Weighted average number of ordinary shares in issue ('000)	250	250	779	1,000	1,000	1,000
Basic earnings per share (RM)	4.54	0.41	0.04 *	0.47	1.00	1.89 *

* Annualised

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7 SUMMARISED INCOME STATEMENTS (CONTINUED)

7.8 REC (CONTINUED)

Notes:

- (i) REC was involved with three turnkey projects, i.e. Radicare Clinical Waste Incinerator, Klang Valley Distribution Terminal ('KVDT') and Monsanto Formulation Packaging during the period ended 31 August 1997 and 31 August 1998 which gave rise to a higher level of turnover compared to other periods under review.
- (ii) The effective tax rates of REC in 1997 and 1998 are higher than the statutory tax rates due to certain expenses being non-deductible for tax purposes. No provision has been made for Malaysian income tax in respect of business income earned by REC for the year ended 31 August 1999 pursuant to Section 8 of the Income Tax (Amendment) Act, 1999. The reversal of taxation for the 10 months ended 30 June 2000 is in respect of deferred tax no longer required.
- (iii) There was no extraordinary item for the financial periods/years under review.

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8 DIVIDENDS

There have been no dividends declared or paid by RB or its subsidiaries in respect of the financial periods/years under review except for RBSB, UTW and RSG.

The details of dividends paid or declared by RBSB, UTW and RSG in the respective period/years under review.

<u>Financial period/ year ended</u>	<u>Issued and paid-up share capital</u> RM'000	<u>Interim/ final</u>	<u>Gross dividend rate</u> %	<u>Tax rate</u> %	<u>Gross dividend</u> RM'000	<u>Net dividend</u> RM'000
RBSB						
30.06.1995	731	Final	95	30	696	487
30.06.1996	731	First	137	30	1,000	700
		Second	124	30	908	635
		Third	93	30	676	473
		Fourth	70	30	515	360
		Final	95	30	696	487
30.06.1997	15,346	First	12	30	1,860	1,302
		Second	5	30	855	598
		Final	4	30	696	487
UTW						
31.12.1998	500	Final	160	28	800	576
31.12.1999	750	Final	467	tax exempt	3,500	3,500 *
RSG						
30.06.1998	500	Final	167	28	833	600

* RM1,785,000 or 51% of the total dividends have been declared to the previous shareholder, Ranhill Corporation Sdn Bhd (Ranhill Corporation) prior to the sale of its 51% interest in UTW to RB on 15 November 2000. It has been agreed, via a letter dated 14 November 2000 from Ranhill Corporation to RB that Ranhill Corporation will renounce its rights to its share of the entire dividends to RB and that any dividends received by Ranhill Corporation will be refunded to RB immediately or at the earliest possible date upon RB's listing on the Main Board of KLSE.

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9 SUMMARISED BALANCE SHEETS**(i) RB**

The summarised balance sheets based on the audited financial statements of RB for the relevant financial years are as follows:

	← As at 30 June →			
	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000
Deferred expenditure#	2	7	8	644
Current assets	*	*	*	*
Current liabilities	(2)	(7)	(8)	(644)
Net current liabilities	(2)	(7)	(8)	(644)
	*	*	*	*
	*	*	*	*
Share capital	*	*	*	*
Reserves	-	-	-	-
Deferred and long term liabilities	-	-	-	-
	*	*	*	*
	*	*	*	*
Net tangible assets per share (RM)	(885.00)	(3,671.50)	(4,171.00)	(321,882.00)

This represents listing expenses

* RM2.00

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9 SUMMARISED BALANCE SHEETS (CONTINUED)

(ii) RBSB

The summarised balance sheets based on the audited financial statements of RBSB for the last relevant financial years are as follows:

	As at 30 June					
	1995	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	3,023	4,047	7,138	6,605	4,575	3,106
Investments	510	185	125	125	190	65
Current assets	27,407	41,620	58,640	62,699	67,362	69,844
Current liabilities	(19,760)	(28,189)	(37,697)	(34,341)	(29,775)	(25,031)
Net current assets	7,647	13,431	20,943	28,358	37,587	44,813
	11,180	17,663	28,206	35,088	42,352	47,984
Share capital	731	731	15,346	15,346	15,346	15,346
Retained earnings	9,702	16,016	9,770	16,790	25,587	31,619
	10,433	16,747	25,116	32,136	40,933	46,965
Deferred and long term liabilities	747	916	3,090	2,952	1,419	1,019
	11,180	17,663	28,206	35,088	42,352	47,984
Net tangible assets per share (RM)	14.27	22.91	1.64	2.09	2.67	3.06

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9 SUMMARISED BALANCE SHEETS (CONTINUED)

(iii) RBV

The summarised balance sheets based on the audited financial statements of RBV for the relevant financial years are as follows:

	← As at 30 June →					
	1995	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	3,915	7,935	21,177	20,743	19,981	19,320
Deferred expenditure	831	664	498	332	166	-
Current assets	606	836	516	1,154	607	1,490
Current liabilities	(291)	(1,600)	(2,421)	(2,441)	(1,050)	(1,265)
Net current assets/ (liabilities)	315	(764)	(1,905)	(1,287)	(443)	225
	<u>5,061</u>	<u>7,835</u>	<u>19,770</u>	<u>19,788</u>	<u>19,704</u>	<u>19,545</u>
Share capital	2,060	2,060	10,300	10,300	10,300	10,300
Retained earnings	-	348	782	1,046	1,646	2,254
Revaluation reserve	-	-	2,434	2,434	2,434	2,434
	<u>2,060</u>	<u>2,408</u>	<u>13,516</u>	<u>13,780</u>	<u>14,380</u>	<u>14,988</u>
Deferred and long term liabilities	3,001	5,427	6,254	6,008	5,324	4,557
	<u>5,061</u>	<u>7,835</u>	<u>19,770</u>	<u>19,788</u>	<u>19,704</u>	<u>19,545</u>
Net tangible assets per share (RM)	0.60	0.85	1.26	1.31	1.38	1.46

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9 SUMMARISED BALANCE SHEETS (CONTINUED)

(iv) RWE

The summarised balance sheets based on the audited financial statements of RWE for the relevant financial years are as follows:

	As at	As at 30 June			
	31.12.1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	385	1,515	1,458	1,371	1,004
Current assets	3,314	5,619	6,960	8,157	5,923
Current liabilities	(1,924)	(5,167)	(5,762)	(5,949)	(4,096)
Net current assets	1,390	452	1,198	2,208	1,827
	1,775	1,967	2,656	3,579	2,831
Share capital	*	100	100	100	100
Retained earnings	362	179	294	1,973	2,263
Deferred and long term liabilities	362	279	394	2,073	2,363
	1,413	1,688	2,262	1,506	468
	1,775	1,967	2,656	3,579	2,831
Net tangible assets per share (RM)	181,192.00	2.79	3.94	20.73	23.63

* RM2.00.

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9 SUMMARISED BALANCE SHEETS (CONTINUED)

(v) UTW

The summarised balance sheets based on the audited financial statements of UTW for the relevant financial years are as follows:

	As at <u>31.12.1998</u> RM'000	As at <u>31.12.1999</u> RM'000	As at <u>30.6.2000</u> RM'000
Fixed assets	656	976	1,081
Deferred expenditure	6	5	4
Joint venture	-	129	-
	<u>3,566</u>	<u>10,671</u>	<u>14,117</u>
Current assets	3,566	10,671	14,117
Current liabilities	(2,278)	(5,676)	(7,969)
	<u>1,288</u>	<u>4,995</u>	<u>6,148</u>
Net current assets	1,288	4,995	6,148
	<u>1,950</u>	<u>6,105</u>	<u>7,233</u>
	<u>1,850</u>	<u>6,049</u>	<u>7,033</u>
Share capital	500	750	750
Retained earnings	1,350	5,299	6,283
	<u>1,850</u>	<u>6,049</u>	<u>7,033</u>
Deferred and long term liabilities	100	56	200
	<u>1,950</u>	<u>6,105</u>	<u>7,233</u>
	<u>1,950</u>	<u>6,105</u>	<u>7,233</u>
Net tangible assets per share (RM)	3.69	8.06	9.37

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9 SUMMARISED BALANCE SHEETS (CONTINUED)

(vi) RSG

The summarised balance sheets based on the audited financial statements of RSG for the relevant financial years are as follows:

	← As at 30 June →			
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Long term debt	5,836	24,764	65,991	70,532
Current assets	2,728	21,852	20,863	10,501
Current liabilities	(4,317)	(20,881)	(20,005)	(7,424)
Net current (liabilities)/assets	(1,589)	971	858	3,077
	<u>4,247</u>	<u>25,735</u>	<u>66,849</u>	<u>73,609</u>
Share capital	500	500	500	500
Retained earnings	(253)	156	3,842	3,852
	<u>247</u>	<u>656</u>	<u>4,342</u>	<u>4,352</u>
Deferred and long term liabilities	4,000	25,079	62,507	69,257
	<u>4,247</u>	<u>25,735</u>	<u>66,849</u>	<u>73,609</u>
Net tangible assets per share (RM)	0.49	1.31	8.68	8.70

* RM2.00

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9 SUMMARISED BALANCE SHEETS (CONTINUED)

(vii) RC

The summarised balance sheets based on the audited financial statements of RC for the relevant financial years are as follows:

	As at 31 December				As at 30.6.2000
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Fixed assets	304	1,046	802	552	347
Current assets	1,251	14,849	20,630	21,350	26,356
Current liabilities	(509)	(13,908)	(16,998)	(17,037)	(21,908)
Net current assets	742	941	3,632	4,313	4,448
	1,046	1,987	4,434	4,865	4,795
Share capital	305	500	500	500	500
Retained earnings	652	1,303	3,784	4,253	4,295
	957	1,803	4,284	4,753	4,795
Deferred and long term liabilities	89	184	150	112	-
	1,046	1,987	4,434	4,865	4,795
Net tangible assets per share (RM)	3.14	3.61	8.57	9.51	9.59

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9 SUMMARISED BALANCE SHEETS (CONTINUED)

(viii) REC

The summarised balance sheets based on the audited financial statements of REC for the relevant financial years are as follows:

	← As at 31 March →		← As at 31 August →			As at
	1995	1996	1997	1998	1999	30.6.2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	290	149	660	795	486	567
Current assets	5,972	3,896	10,265	5,516	4,014	12,020
Current liabilities	(4,783)	(2,560)	(9,393)	(4,256)	(1,408)	(8,060)
Net current assets	1,189	1,336	872	1,260	2,606	3,960
	1,479	1,485	1,532	2,055	3,092	4,527
Share capital	250	250	1,000	1,000	1,000	1,000
Retained earnings	1,039	1,142	436	903	1,899	3,472
	1,289	1,392	1,436	1,903	2,899	4,472
Deferred and long term liabilities	190	93	96	152	193	55
	1,479	1,485	1,532	2,055	3,092	4,527
Net tangible assets per share (RM)	5.16	5.57	1.44	1.90	2.90	4.47

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10 CASH FLOW

We set out below the cash flows of RB, RBSB, RBV, RWE, UTW, RSG, RC and REC based on the latest audited financial statements of these companies as at 30 June 2000.

10.1 RB

	Year ended 30.6.2000 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit/(loss) before taxation	-
Increase in deferred expenditure	(635)
Increase in creditors	635
	<hr/>
Net cash generated from operating activities	-
	<hr/>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS AT BEGINNING AND END OF FINANCIAL YEAR	*
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* RM2.00

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10 CASH FLOW (CONTINUED)
10.2 RBSB

	Year ended <u>30.6.2000</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	9,017
Adjustments for:	
Depreciation on fixed assets	1,542
Loss on disposal of fixed assets	11
Interest expense	1,291
Interest income	(76)
Fixed assets written off	384
	<u>12,169</u>
Changes in working capital:	
Increase in work-in-progress	(1,072)
Increase in debtors	(456)
Decrease in creditors	(554)
	<u>10,087</u>
Net cash generated from operations	10,087
Taxation paid	(3,994)
	<u>6,093</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of fixed assets	121
Interest received	84
Investment in shares in associated companies	125
Purchase of fixed assets	(589)
	<u>(259)</u>
Net cash used in investing activities	(259)

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10 CASH FLOW (CONTINUED)
10.2 RBSB (CONTINUED)

Year ended
30.6.2000
RM'000

CASH FLOWS FROM FINANCING ACTIVITIES

Funds from short-term borrowings (including short term portion of term loan)	(2,618)
Hire purchase and finance leases payments	(1,222)
Interest paid	(1,291)
Funds from term loan (long term portion)	(65)
	<hr/>
Net cash used in financing activities	(5,196)
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NET INCREASE IN CASH AND CASH EQUIVALENTS	638
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	303
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CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	941
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Cash and cash equivalents comprise the following:

Fixed deposits with licensed banks	1,952
Cash and bank balances	1,991
Bank overdrafts (secured)	(3,002)
	<hr/>
	941
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10 CASH FLOW (CONTINUED)
10.3 RBV

	Year ended <u>30.6.2000</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	961
Adjustments for:	
Depreciation of fixed assets	626
Amortisation of preliminary and pre-operating expenditure	165
Fixed assets transferred	39
Interest expense	432
	<u>2,223</u>
Changes in working capital:	
Decrease in debtors	564
Increase in creditors	103
	<u>2,890</u>
Net cash generated from operations	2,890
Taxation paid	(264)
	<u>2,626</u>
	<u>2,626</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(3)
	<u>(3)</u>
Net cash used in investing activities	(3)
	<u>(3)</u>

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10 CASH FLOW (CONTINUED)

10.3 RBV (CONTINUED)

	Year ended 30.6.2000 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES	
Interest paid	(438)
Repayment of term loans	(620)
	<hr/>
Net cash used in financing activities	(1,058)
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,565
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(119)
	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	1,446
	<hr/> <hr/>
Cash and cash equivalents comprise the following:	
Cash in hand	*
Cash at bank	1,446
	<hr/>
	1,446
	<hr/> <hr/>

* RM11.00

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10 CASH FLOW (CONTINUED)
10.4 RWE

Year ended
30.6.2000
RM'000

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	132
Adjustments for:	
Depreciation of fixed assets	499
Hire purchase interest expense	19
Finance lease interest expense	12
Interest expense	140
	<hr/>
	802
Changes in working capital:	
Increase in work-in-progress	(159)
Decrease in debtors	94
Decrease in creditors	(903)
Decrease in holding company balance	289
Increase in related company balances	1,255
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Net cash generated from operations	1,378
Hire purchase interest paid	(19)
Finance lease interest paid	(12)
Interest expense	(140)
Tax paid	(59)
	<hr/>
Net cash from operating activities	<u>1,148</u>

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10 CASH FLOW (CONTINUED)
10.4 RWE (CONTINUED)

	Year ended 30.6.2000 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(132)
Net cash used in investing activities	<u>(132)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of hire purchase creditors	(52)
Repayment of finance lease creditors	(76)
Term loans	(765)
Net cash used in financing activities	<u>(893)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	123
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	15
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>138</u>
Cash and cash equivalents comprise the following:	
Cash in hand	7
Cash at bank	131
	<u>138</u>

10. ACCOUNTANTS' REPORT



Board of Directors
Ranhill Berhad
(Company No. 430537-K)
PwC/MDZ/PC/sd/0463J
19 December 2000

10 CASH FLOW (CONTINUED)
10.5 UTW

6 months
ended
30.6.2000
RM'000

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	1,612
Adjustments for investing and financing items and items not involving the movement of cash and cash equivalents:	
Deferred expenditure amortised	1
Depreciation	126
Interest expenses	5
Interest income	(45)
Reversal of share of profits from joint venture	37
	<u>1,736</u>
Changes in working capital:	
Decrease in debtors	1,739
Increase in creditors	1,850
	<u>5,325</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds of share profits from joint venture	91
Purchase of fixed assets	(231)
Interest income received	45
	<u>(95)</u>

10. ACCOUNTANTS' REPORT



Board of Directors
 Ranhill Berhad
 (Company No. 430537-K)
 PwC/MDZ/PC/sd/0463J
 19 December 2000

10 CASH FLOW (CONTINUED)

10.5 UTW (CONTINUED)

6 months
 ended
30.6.2000
 RM'000

CASH FLOWS FROM FINANCING ACTIVITIES

Interest paid	(5)
Repayment of hire purchase	(14)
	<hr/>
Net cash used in financing activities	(19)
	<hr/>

NET INCREASE IN CASH AND CASH EQUIVALENTS 5,211

CASH AND CASH EQUIVALENTS AT BEGINNING
 OF THE FINANCIAL PERIOD 2,801

CASH AND CASH EQUIVALENTS AT END OF
 FINANCIAL PERIOD 8,012

Cash and cash equivalents comprise the following:

Cash and bank balances	2,018
Deposits with licensed banks	5,994
	<hr/>
	8,012
	<hr/> <hr/>

10. ACCOUNTANTS' REPORT



Board of Directors
Ranhill Berhad
(Company No. 430537-K)
PwC/MDZ/PC/sd/0463J
19 December 2000

10 CASH FLOW (CONTINUED)
10.6 RSG

	Year ended 30.6.2000 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	18
Adjustments for:	
Interest expense	6,137
Interest income	(6)
	<u>6,149</u>
Changes in working capital:	
Decrease in work-in-progress	4,204
Decrease in debtors	1,477
(Decrease) in creditors	(13,759)
Decrease in related party balances	8,354
	<u>6,425</u>
Net cash generated from operations	6,425
Taxation paid	(405)
	<u>6,020</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from term loan	8,025
Interest paid	(6,507)
Interest received	6
	<u>1,524</u>
Net cash used in financing activities	1,524

10. ACCOUNTANTS' REPORT



Board of Directors
 Ranhill Berhad
 (Company No. 430537-K)
 PwC/MDZ/PC/sd/0463J
 19 December 2000

10 CASH FLOW (CONTINUED)

10.6 RSG (CONTINUED)

	Year ended <u>30.6.2000</u> RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,544
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	2,273
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>9,817</u>
Cash and cash equivalents comprise the following:	
Cash and bank balances	2,317
Fixed deposits	7,500
	<u>9,817</u>

10. ACCOUNTANTS' REPORT



Board of Directors
Ranhill Berhad
(Company No. 430537-K)
PwC/MDZ/PC/sd/0463J
19 December 2000

10 CASH FLOW (CONTINUED)
10.7 RC

	6 months ended <u>30.6.2000</u> RM'000
Profit before taxation	89
Adjustments for:	
Depreciation of fixed assets	108
Interest expenses	4
Gain on disposal of fixed assets	(53)
	<u>148</u>
Changes in working capital:	
Increase in debtors	(186)
Increase in creditors	22
Increase/(decrease) in intercompany balances	4,841
Increase in work-in-progress	(4,841)
	<u>(16)</u>
Net cash used in operations	(16)
Interest paid	(4)
	<u>(20)</u>
Net cash used in operating activities	(20)
	<u>(20)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(20)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24
	<u>4</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>4</u></u>

10. ACCOUNTANTS' REPORT



Board of Directors
 Ranhill Berhad
 (Company No. 430537-K)
 PwC/MDZ/PC/sd/0463J
 19 December 2000

10 CASH FLOW (CONTINUED)

10.8 REC

	10 months ended <u>30.6.2000</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	1,451
Adjustments for:	
Depreciation of fixed assets	284
Interest expense	36
Interest income	(18)
Fixed assets written off	21
Provision for doubtful debts	79
	<u>1,853</u>
Changes in working capital:	
Increase in debtors	(6,898)
Increase in creditors	3,419
Intercompany balance	2,760
	<u>1,134</u>
Net cash generated from operations	1,134
Taxation paid	(305)
	<u>829</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	17
Purchase of fixed assets	(385)
	<u>(368)</u>
Net cash used in investing activities	(368)

10. ACCOUNTANTS' REPORT



Board of Directors
Ranhill Berhad
(Company No. 430537-K)
PwC/MDZ/PC/sd/0463J
19 December 2000

10 CASH FLOW (CONTINUED)
10.8 REC (CONTINUED)

10 months
ended
30.6.2000
RM'000

CASH FLOWS FROM FINANCING ACTIVITIES

Hire purchase repayments	(15)
Interest paid	(5)
	<hr/>
Net cash used in financing activities	(20)
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	441
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	790
	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,231
	<hr/> <hr/>

Cash and cash equivalents comprise the following:

Fixed deposits with licensed banks	641
Cash and bank balances	590
	<hr/>
	1,231
	<hr/> <hr/>

10. ACCOUNTANTS' REPORT



Board of Directors
Ranhill Berhad
(Company No. 430537-K)
PwC/MDZ/PC/sd/0463J
19 December 2000


11 STATEMENT OF ASSETS AND LIABILITIES


No audited statement of assets and liabilities were prepared as the Ranhill Group has not been established as at 30 June 2000.

12 FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 30 June 2000.

Yours faithfully,


PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Public Accountants


MOHD DARUIS ZAINUDDIN
(No. 969/3/01 (J/PH))
Partner of the firm

11. DIRECTORS' REPORT

ranhill berhad (430537-K)

Wisma Ranhill, No. 2-12 Jalan Setiawangsa 10, Taman Setiawangsa, 54200 Kuala Lumpur
Tel: 03 4252 2020 Fax : 03 42602020

19 December 2000

The Shareholders
Ranhill Berhad

Dear Sir/Madam,

On behalf of the Directors of Ranhill Berhad ("Ranhill"), I report after due inquiry that during the period from 30 June 2000 (being the date to which the last audited accounts of Ranhill have been made) to 15 December 2000 (being a date not earlier than fourteen days before the issue of this Prospectus):-

- a) the business of the Ranhill Group has, in the opinion of the Directors, been satisfactorily maintained;
- b) save as disclosed in this Prospectus, in the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of Ranhill which have adversely affected the trading or the value of the assets of the Ranhill Group;
- c) the current assets of the Ranhill Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- d) save as disclosed in Section 1.11 of this Prospectus, there are no contingent liabilities that have arisen by reason of any guarantees given by the Company and its subsidiaries; and
- e) save as disclosed in Accountants' Report and Proforma Consolidated Balance Sheets in this Prospectus, there has been no changes in the published reserves or any unusual factors affecting the profit of the Ranhill Group.

Yours faithfully
For and on behalf of the Board of Directors
RANHILL BERHAD



DATO' HAMDAN BIN MOHAMAD
Executive Chairman