

## 10. ACCOUNTANTS' REPORT



The Board of Directors  
Ranhill Berhad  
Wisma Ranhill  
No. 2-12, Jalan Setiawangsa 10  
Taman Setiawangsa  
54200 Kuala Lumpur

PricewaterhouseCoopers  
(AF 1146)  
Public Accountants  
11th Floor Wisma Sime Darby  
Jalan Raja Laut  
P O Box 10192  
50706 Kuala Lumpur, Malaysia  
Telephone +60 (3) 2693 1077  
Facsimile +60 (3) 2693 0997

19 December 2000

PwC/MDZ/PC/sd/0463J

Gentlemen,

### 1 INTRODUCTION

This report has been prepared by an approved company auditor for inclusion in the Prospectus of Ranhill Berhad (hereinafter referred to as "RB" or "the Company") to be dated 29 December 2000, in connection with the public issue of 14,626,000 new ordinary shares of RM1.00 each at an issue price of RM3.00 per ordinary share, offer for sale of 3,939,000 existing ordinary shares of RM1.00 each at an offer price of RM3.00 per ordinary share and placement of 3,661,000 existing ordinary shares at a placement price of RM3.00 ordinary share and the listing and quotation for its entire enlarged issued and paid-up 79,000,000 ordinary shares of RM1.00 each on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE").

### 2 GENERAL INFORMATION

#### 2.1 Background

RB was incorporated in Malaysia on 7 May 1997 under the Companies Act, 1965 as a public limited company. It was established as an investment holding company.

#### 2.2 Share Capital

##### (a) Authorised share capital

Authorised share capital of RB was increased from RM100,000 from the date of incorporation to RM500,000,000 on 14 November 2000.

**10. ACCOUNTANTS' REPORT**

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

**2 GENERAL INFORMATION (CONTINUED)****(b) Issued and paid-up share capital**

The issued and paid-up share capital of RB was increased from RM2 from the date of incorporation to RM64,374,000 as at the date of this report. The changes in the issued and paid-up share capital of RB are as follows:

<u>Date of allotment</u>	<u>Number of ordinary shares of RM1 each issued</u>	<u>Type of issue</u>	<u>Cumulative total issue and fully paid-up share capital</u> RM
7 May 1997 (date of incorporation)	2	Subscribers' shares	2
15.11.2000	64,373,998	Acquisition of subsidiary companies via share swap	64,374,000

**3 SUBSIDIARY COMPANIES**

The details of the subsidiary companies of RB as at the date of this report are as follows:

**(i) RBSB**

RBSB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 1 July 1981. The principal activities of the company are the provision of engineering, procurement and construction management (EPCM) services and project management services (PMC).

**(a) Authorised share capital**

The present authorised share capital of RBSB is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each.

## 10. ACCOUNTANTS' REPORT



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

## 3 SUBSIDIARY COMPANIES (CONTINUED)

## (b) Issued and paid-up share capital

The issued and paid-up share capital of RBSB was increased from RM4 from the date of incorporation to RM15,346,170 as at the date of this report. The changes in the issued and paid-up share capital of RBSB are as follows:

<u>Date of allotment</u>	<u>Number of ordinary shares of RM1 each issued</u>	<u>Type of issue</u>	<u>Cumulative total issued and fully paid-up share capital</u> RM
01.07.1981 (date of incorporation)	4	Subscribers' shares	4
02.01.1982	5,096	Cash	5,100
30.06.1982	45,900	Cash	51,000
23.06.1983	4,000	Cash	55,000
01.07.1984	7,200	Cash	62,200
10.05.1985	437,800	Bonus issue on a basis of 7:1	500,000
12.10.1990	230,770	Cash	730,770
31.12.1996	14,615,400	Bonus Issue on a basis of 20:1	15,346,170

## 10. ACCOUNTANTS' REPORT



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

## 3 SUBSIDIARY COMPANIES (CONTINUED)

## (ii) RBV

RBV was incorporated in Malaysia under the Companies Act, 1965 on 21 January 1992 as private limited company. The principal activity of the company is property investment holding.

## (a) Authorised share capital

The present authorised share capital of RBV is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each.

## (b) Issued and paid-up share capital

The issued and paid-up share capital of RBV was increased from RM2 from the date of incorporation to RM10,300,000 as at the date of this report. The changes in the issued and paid-up share capital of RBV are as follows:

<u>Date of allotment</u>	<u>Number of ordinary shares of RM1 each issued</u>	<u>Type of issue</u>	<u>Cumulative total issued and fully paid-up share capital</u> RM
21.01.1992 (date of incorporation)	2	Subscribers' shares	2
09.11.1992	859,998	Cash	860,000
09.08.1994	753,489	Cash	1,613,489
09.09.1994	429,973	Cash	2,043,462
18.10.1994	16,538	Cash	2,060,000
31.12.1996	8,240,000	Bonus issue on a basis of 4:1	10,300,000

## 10. ACCOUNTANTS' REPORT



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

## 3 SUBSIDIARY COMPANIES (CONTINUED)

## (iii) RWE

RWE was incorporated in Malaysia under the Companies Act, 1965 on 7 October 1995 as a private limited company. The principal activities of the company are the provision of engineering, procurement and construction management services (EPCM) and project management services (PMC) to the petroleum industry.

## (a) Authorised share capital

The present authorised share capital of RWE is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

## (b) Issued and paid-up share capital

The issued and paid-up share capital of RWE was increased from RM2 from the date of incorporation to RM100,000 as at the date of this report. The changes in the issued and paid-up share capital of RWE are as follows:

<u>Date of allotment</u>	<u>Number of ordinary shares of RM1 each issued</u>	<u>Type of issue</u>	<u>Cumulative total issued and fully paid-up share capital RM</u>
07.10.1995 (date of incorporation)	2	Subscribers' shares	2
18.02.1997	99,998	Cash	100,000

**10. ACCOUNTANTS' REPORT**

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

**3 SUBSIDIARY COMPANIES (CONTINUED)****(iv) UTW**

UTW was incorporated in Malaysia under the Companies Act, 1965 on 25 March 1998 as a private limited company. The principal activities of the company are to provide facilities management and maintenance services.

**(a) Authorised share capital**

The present authorised share capital of UTW is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

**(b) Issued and paid-up share capital**

The issued and paid-up share capital of UTW was increased from RM2 from the date of incorporation to RM750,000 as at the date of this report. The changes in the issued and paid-up share capital of UTW are as follows:

<u>Date of allotment</u>	<u>Number of ordinary shares of RM1 each issued</u>	<u>Type of issue</u>	<u>Cumulative total issued and fully paid-up share capital</u> RM
25.03.1998 (date of incorporation)	2	Subscribers' shares	2
22.12.1998	499,998	Cash	500,000
13.07.1999	250,000	Cash	750,000

## 10. ACCOUNTANTS' REPORT



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

## 3 SUBSIDIARY COMPANIES (CONTINUED)

## (v) RSG

RSG was incorporated in Malaysia under the Companies Act, 1965 on 28 November 1996 as a private limited company. The principal activity of the Company is turnkey contracting for the Sri Gading Water Supply Project.

## (a) Authorised share capital

The present authorised share capital of RSG is RM500,000 comprising 500,000 ordinary shares of RM1.00.

## (b) Issued and paid-up share capital

The issued and paid-up share capital of RSG was increased from RM2 from the date of incorporation to RM500,000 as at the date of this report. The changes in the issued and paid-up share capital of RSG are as follows:

<u>Date of allotment</u>	<u>Number of ordinary shares of RM1 each issued</u>	<u>Type of issue</u>	<u>Cumulative total issued and fully paid-up share capital RM</u>
28.11.1996 (date of incorporation)	2	Subscribers' shares	2
25.03.1997	499,998	Cash	500,000

## 10. ACCOUNTANTS' REPORT



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

## 3 SUBSIDIARY COMPANIES (CONTINUED)

## (vi) RC

RC was incorporated in Malaysia under the Companies Act, 1965 on 9 November 1995 as a private limited company under the name of Pengurusan KPRJ – Ranhill Sdn Bhd and on 22 September 2000, changed its name to Ranhill Civil Sdn Bhd.

The principal activity of the company is project management services (PMC) and engineering, procurement and construction (EPC).

## (a) Authorised share capital

The present authorised share capital of RC is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each.

## (b) Issued and paid-up share capital

The issued and paid-up share capital of RC was increased from RM2 from the date of incorporation to RM500,000 as at the date of this report. The changes in the issued and paid-up share capital of RC are as follows:

<u>Date of allotment</u>	<u>Number of ordinary shares of RM1 each issued</u>	<u>Type of issue</u>	<u>Cumulative total issued and fully paid-up share capital</u> RM
09.11.1995 (date of incorporation)	2	Subscribers' shares	2
11.07.1996	254,999	Cash	255,001
13.09.1996	50,000	Cash	305,001
25.03.1997	194,999	Cash	500,000



**10. ACCOUNTANTS' REPORT**

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

**3 SUBSIDIARY COMPANIES (CONTINUED)****(vii) REC**

REC was incorporated in Malaysia under the Companies Act, 1965 on 20 July 1991 as a private limited company. The principal activity of the company is engineering, procurement and construction (EPC).

**(a) Authorised share capital**

The present authorised share capital of REC is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

**(b) Issued and paid-up share capital**

The issued and paid-up share capital of REC was increased from RM2 from the date of incorporation to RM1,000,000 as at the date of this report. The changes in the issued and paid-up share capital of REC are as follows:

<u>Date of allotment</u>	<u>Number of ordinary shares of RM1 each issued</u>	<u>Type of issue</u>	<u>Cumulative total issued and fully paid-up share capital</u> RM
20.07.1991 (date of incorporation)	2	Subscriber's shares	2
30.09.1993	249,998	Cash	250,000
02.09.1996	750,000	Bonus issue on a basis of 3:1	1,000,000

---

10. ACCOUNTANTS' REPORT

---



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

4 FINANCIAL STATEMENTS AND AUDITORS

(a) RB

We are the auditors of RB for the financial years ended 30 June 1998, 1999 and 2000. The audited financial statements of RB for the financial period ended 30 June 1997 were audited by Price Waterhouse. The financial statements of RB for all the financial period/years relevant to this report were audited and reported on without any qualification.

(b) RWE

We are the auditors of RWE for the financial years ended 30 June 1999 and 2000. The audited financial statements of RWE for the financial period ended 31 December 1996, financial six (6) months ended 30 June 1997, financial year ended 30 June 1998 were audited by Price Waterhouse. The financial statements of RWE for all the financial periods/years relevant to this report were audited and reported on without any qualification.

(c) UTW

We are the auditors of UTW for the financial year ended 31 December 1999 and the financial six (6) months ended 30 June 2000. The audited financial statements of UTW for the financial period ended 31 December 1998 were audited by Price Waterhouse. The financial statements of UTW for all the financial periods/year relevant to this report were audited and reported on without any qualification.

(d) RSG

We are the auditors of RSG for the financial years ended 30 June 1998, 1999 and 2000. The audited financial statements of RSG for the financial period ended 30 June 1997 were audited by Price Waterhouse. The financial statements of UTW for all the financial period/years relevant to this report were audited and reported on without any qualification.

---

10. ACCOUNTANTS' REPORT

---



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

4 FINANCIAL STATEMENTS AND AUDITORS (CONTINUED)

(e) RC

We are the auditors of RC for the financial year ended 31 December 1999 and the financial six (6) months ended 30 June 2000. The audited financial statements of RC for the financial period ended 31 December 1996, financial years ended 31 December 1997 and 1998 were audited by Coopers & Lybrand. The financial statements of RC for all the financial periods/years relevant to this report were audited and reported on without any qualification.

(f) REC

We are the auditors of REC for the financial year ended 31 August 1999 and the ten (10) months ended 30 June 2000. The audited financial statements of REC for the financial years ended 31 March 1995 and 1996 were audited by Arthur Andersen. The audited financial statements of REC for the financial period ended 31 August 1997 and the financial year ended 31 August 1998 were audited by Price Waterhouse. The financial statements of REC for all the financial periods/years relevant to this report were audited and reported on without any qualification.

## 10. ACCOUNTANTS' REPORT



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

## 4 FINANCIAL STATEMENTS AND AUDITORS (CONTINUED)

(g) RBSB and RBV

We are the auditors of RBSB and RBV for the financial years ended 30 June 1998, 1999 and 2000. The audited financial statements of RBSB and RBV for the financial years ended 30 June 1995, 1996 and 1997 were audited by Price Waterhouse. The financial statements of RBSB and RBV for all the financial years relevant to this report were audited and reported on without any qualification except for the modified audit opinion in the form of an emphasis of matter in relation to the three (3) financial years ended 30 June 2000 of RBSB as follows:

“Without qualifying our opinion we draw attention to Note (referring to the Note on trade debtors) to the financial statements which sets out the basis on which the debtors will be recovered”.

Note to trade debtors are as follows:

	<u>2000</u> RM'000	<u>1999</u> RM'000	<u>1998</u> RM'000
Trade debtors	69,143	62,485	57,979
Provision for doubtful debts	(7,268)	(4,488)	(4,813)
	<u>61,875</u>	<u>57,997</u>	<u>53,166</u>

Included in the amounts receivable from trade debtors amounted to RM25,215,866 (1999: RM25,215,866) (1998: RM23,222,075)\* are balances in relation to consulting services provided to infrastructure projects. Repayment of these amounts is dependent on the project developer raising funds to successfully develop the project. The Directors of the Company have made agreements or are in the process of reaching agreements for the repayment in either cash or other assets of these amounts and expect to receive the balance in full, except as provided for in the provision for doubtful debts.

\* Includes amount owing by RC of RM11,877,118 (1999: RM11,877,118) (1998: RM10,327,228)

---

10. ACCOUNTANTS' REPORT

---



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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This report is prepared based on applicable approved accounting standards adopted by MASB.

All significant accounting policies set out below have been used consistently applied in all the financial periods/years under review.

(a) **Basis of preparation**

The financial statements are prepared under the historical cost convention (as modified for the revaluation of land and building) unless otherwise indicated in this summary of significant accounting policies.

(b) **Income recognition**

Income is recognised at the time of billing and upon performance of services, net of sales taxes and discounts. Unbilled recoverable costs on uncompleted contracts at the end of the financial year are deferred and shown as work-in-progress. Billings in excess of recoverable time charges accumulated to the end of the financial year and which related to time charges yet to be incurred are deferred and shown as advance billings under current liabilities.

Sales relating to long term contracts are accounted under the percentage of completion method.

(c) **Construction contracts**

The profit on a construction contract is recognised as soon as it can be estimated reliably. The Company uses the percentage of completion method to determine the appropriate amount to recognise in a given period.

A loss is recognised as soon as the loss is foreseen. The full amount of the anticipated loss, including any loss related to future work on the contract, is recognised in the period in which the loss is identified.

10. ACCOUNTANTS' REPORT



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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) **Construction contracts (continued)**

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the period end. Where the sum of the costs incurred and recognised profit/loss exceeds the progress billings, the balance is also shown as 'Amounts due from customers on contract'. Conversely, where progress billings exceed the sum of the costs incurred and recognised profit/loss, the balance is shown as 'Amounts due to customers on contracts'.

(d) **Foreign currencies**

Transactions arising in foreign currencies have been converted into Ringgit Malaysia at exchange rates ruling on the transaction dates. Assets and liabilities in foreign currencies at balance sheet date are translated into Ringgit Malaysia at exchange rates ruling at that date. Exchange gains and losses are dealt in the income statement.

(e) **Fixed assets**

Fixed assets are stated at cost or valuation less accumulated depreciated. Freehold land is not depreciated. Depreciation on other fixed assets is calculated on the straight line method to write off the cost of fixed assets over its estimated useful life.

The principal annual rates of depreciation used are as follows:

Buildings	2%
Furniture, fittings and office equipments	5% - 33%
Motor vehicles	20%
Computers	20% - 33%

(f) **Deferred taxation**

Provision is made using the liability method for taxation deferred in respect of timing differences between accounting income and taxable income except where the tax effects of such timing differences are expected to be deferred indefinitely. Deferred tax benefits are recognised only if there is reasonable expectation of their realisation.

---

10. ACCOUNTANTS' REPORT

---



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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) **Work-in-progress**

Unbilled recoverable costs on uncompleted contracts at the end of the financial year are deferred and shown as work-in-progress.

Costs include direct labour and related overhead charges.

(h) **Operating leases**

Operating lease rentals are charged to the income statements on a straight line basis over the period of the lease.

(i) **Finance leases**

Fixed assets acquired under finance leases are capitalised in the financial statements and the corresponding obligations treated as a liability. Finance charges are allocated to the income statements over the lease periods to give a constant periodic rate of interest on the remaining lease liabilities. The depreciation policy on these assets is similar to that of the Company's other fixed assets as set out in paragraph 6(e) above.

(j) **Hire purchase assets**

Assets acquired under hire purchase agreement are capitalised. The depreciation policy on these assets is similar to that of the company's other fixed assets as set out in paragraph 6(e) above.

Outstanding obligations due under the hire purchase agreement after deducting interest expense are included in current liabilities in the financial statements. The interest expense of the hire purchase instalments is charged to the income statements over the period of the agreement.

**10. ACCOUNTANTS' REPORT**

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

**6 BASIS OF PRESENTATION OF HISTORICAL FINANCIAL INFORMATION**

The financial statements of the subsidiary companies have been presented individually as the Ranhill Group has not been established as at 30 June 2000. The Director of Ranhill are of the opinion that the financial statements were not significantly affected by transactions and balances between the companies to which they relate, except to the extent stated in the notes to their respective financial statements.

**7 SUMMARISED INCOME STATEMENTS****7.1 RB**

No income statement is prepared as the company has not commenced operations since its incorporation on 7 May 1997.

**7.2 RBSB**

The summarised income statements based on the audited financial statements of RBSB for the six (6) financial years ended 30 June 2000 are as follows:

	← Year ended 30 June →					
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Turnover (note i)	52,280	65,053	85,336	64,194	42,511	50,977
Profit before taxation, depreciation and interest	11,680	14,928	18,849	13,758	12,914	11,850
Depreciation	(633)	(884)	(1,297)	(2,059)	(2,020)	(1,542)
Interest	(206)	(574)	(1,340)	(2,119)	(2,097)	(1,291)
Profit before tax	10,841	13,470	16,212	9,580	8,797	9,017
Taxation (note ii)	(3,063)	(4,500)	(5,454)	(2,561)	-	(2,986)
Profit after taxation	7,778	8,970	10,758	7,019	8,797	6,031
Weighted average number of ordinary shares in issue ('000)	731	731	8,038	15,346	15,346	15,346
Basic earnings per share (RM)	10.64	12.27	1.34	0.46	0.57	0.39



---

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)**

Notes:

- (i) Turnover comprises income billed for provision of EPCM, PMC and the recognition of unbilled recoverable costs (work-in-progress) at the end of the financial year.

During the period from 1995 to 1997, RBSB has shown tremendous growth in turnover. This is mainly attributable to RBSB being awarded several major projects, such as EPCM and PMC works for the Kuala Lumpur International Airport, Kuala Lumpur City Centre, the Light Rail Transit II and South Klang Valley Expressway projects. The growth was in line with the general economic boom experienced in the construction industry, especially in respect of projects which are of national and strategic importance noted above.

The economic downturn has a spill over effect in 1998 and 1999 from the second half of the 1997 financial year which resulted in some government and private projects being deferred hence the reduction in the turnover for the year 1998 and 1999. The turnover for Transport and Structural Services were affected the most, mainly due to the deferment of projects such as KL-Dedicated Highway, Tg Balau Coastal Road, Johor, Proposed Sentul Raya Development and completion phases of Kuala Lumpur City Centre.

After the reduction in turnover for the year 1998 and 1999, the year 2000 saw an increased in turnover in line with the country's economic recovery.

- (ii) The effective rate of taxation are higher for the years ended 30 June 1996, 1997 and 2000 because of certain expenses being disallowed for taxation purposes.

No provision has been made for Malaysian income tax in respect of business income earned by the company for the financial year ended 30 June 1999 pursuant to Section 8 of the Income Tax (Amendment) Act, 1999.

- (iii) There was no extraordinary item for the financial years under review.

## 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)

## 7.3 RBV

The summarised income statements based on the audited financial statements of RBV for the six (6) financial years ended 30 June 2000 are as follows:

	Year ended 30 June					
	1995	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover (note ii)	-	2,025	2,475	2,388	2,388	2,388
Profit before taxation, depreciation and interest	-	1,638	1,981	2,044	2,075	2,019
Depreciation	-	(339)	(516)	(579)	(762)	(626)
Interest	-	(684)	(638)	(933)	(714)	(432)
Profit before tax	-	615	827	532	599	961
Taxation (note iii)	-	(267)	(393)	(268)	1	(353)
Profit after taxation	-	348	434	264	600	608
Weighted average number of ordinary shares in issue ('000)	1,891	2,060	6,180	10,300	10,300	10,300
Basic earnings per share (RM)	-	0.17	0.07	0.03	0.06	0.06

Notes:

- (i) The RBV commenced business during financial year ended 30 June 1996.
- (ii) Turnover consists of rental income from office premises and office equipment, furniture and fittings rented to RBSB and RWE, both of which are related by common directors and certain shareholders.

The turnover for the year ended 30 June 1998 was lower due to a reduction in rental charges to RBSB. The company was able to reduce rental charges as a result of RBV's cost savings from lower office premises maintenance cost.

**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)**

**7.3 RBV (CONTINUED)**

Notes:

- (iii) The effective tax rates for financial years ended 1996, 1997, 1998 and 2000 were higher than the statutory tax rates due to certain expenses which were not allowable for tax purposes.

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

- (iv) There was no extraordinary item for the financial years under review.

## 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)

## 7.4 RWE

The summarised income statements based on the audited financial statements of RWE for the financial period ended 31 December 1996, the six (6) months ended 30 June 1997 and the three (3) financial years ended 30 June 2000 are as follows:

	From 7.10.1995 (date of incorporation) to 31.12.1996 RM'000	6 months ended 30.6.1997 RM'000	← Year ended 30 June →		
			1998 RM'000	1999 RM'000	2000 RM'000
Turnover (note i)	8,689	9,618	19,243	19,439	13,438
Profit before taxation, depreciation and interest	708	66	2,359	2,817	801
Depreciation	(142)	(171)	(468)	(506)	(499)
Interest	(12)	(79)	(313)	(190)	(171)
Exceptional item (note ii)	-	-	(1,448)	-	-
Profit/(loss) before tax	554	(184)	130	2,121	132
Taxation (note iii)	(192)	-	(15)	(442)	158
Profit/(loss) after taxation	362	(184)	115	1,679	289
Weighted average number of ordinary shares in issue ('000)	*	72	100	100	100
Basic earnings per share (RM)	146.81 #	(5.11) #	1.15	16.79	2.89

\* 2 shares

# Annualised

---

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)**

Notes:

- (i) Turnover comprise fees billed for EPC, EPCM and PMC. The company commenced operations in January 1996.

The company has shown tremendous growth in turnover for the financial period ended 30 June 1997 and 30 June 1998 due to a sharp increase in contract works such as Keloil LPG Terminal, Sime Sembawang project and KUB LPG Bottling Plant.

- (ii) The exceptional item for the year ended 30 June 1998 represents foreign exchange losses suffered.
- (iii) There is no taxation charge for the financial period ended 30 June 1997 due to utilisation of capital allowances which amounted to approximately RM612,000.

No provision has been made for Malaysian income tax in respect of business income earned by the company for the financial year ended 30 June 1999 pursuant to Section 8 of the Income Tax (Amendment) Act, 1999. The amount of taxation for the year ended 30 June 1999 is in respect of provision for deferred taxation amounting to RM380,000 and under provision of taxation in prior year amounting to RM62,000.

The amount of taxation reversed for the financial year ended 30 June 2000 is due to reversal of deferred taxation no longer required.

- (iv) There was no extraordinary item for all the period/years under review.

## 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)

## 7.5 UTW

The summarised income statements based on the audited financial statements of UTW for the financial period ended 31 December 1998, the financial year ended 31 December 1999 and the six (6) months period ended 30 June 2000 are as follows:

	From 25.3.1998 (date of incorporation) to 31.12.1998 RM'000	Year ended 31.12.1999 RM'000	6 months ended 30.6.2000 RM'000
Turnover (note i)	6,815	18,733	10,374
Profit before taxation, depreciation and interest	2,666	7,656	1,743
Depreciation	(59)	(187)	(126)
Interest	(4)	(21)	(5)
Profit before tax	2,603	7,448	1,612
Taxation (note ii)	(676)	-	(628)
Profit after taxation	1,927	7,448	984
Weighted average number of ordinary shares of in issue ('000)	14	617	750
Basic earnings per share (RM)	178.79 *	12.07	2.62 *

\* Annualised

---

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)

7.5 UTW (CONTINUED)

Notes:

- (i) Turnover for the 1999 financial period was higher than 1998 period as UTW was undertaking 2 main projects in 1999 compared to 1 project in 1998. The lower turnover for the period ended 30 June 2000 is because of only 6 months results due to the change of financial year to 30 June.
- (ii) The low effective tax rate for the period ended 31 December 1998 is mainly due to utilization of capital allowance for the period. No provision has been made for Malaysia income tax in respect of business income earned by UTW for the financial period ended 30 June 1999 pursuant to Section 8 of the Income Tax (Amendment) Act, 1999. The higher effective tax rate for the 6 months ended 30 June 2000 is mainly due to certain expenses being disallowed for tax purposes.
- (iii) There was no extraordinary item for the period/years under review.

## 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

The summarised income statements based on the audited financial statements of RSG for the period ended 30 June 1997 and the three (3) financial years ended 30 June 2000 are as follows.

	From 28.11.1996 (date of incorporation) to 30.6.1997 RM'000	← Year ended 30 June →		
		1998 RM'000	1999 RM'000	2000 RM'000
Turnover (note i)	7,606	40,687	44,810	5,962
Profit before taxation, depreciation and interest	361	3,069	8,501	6,155
Depreciation	-	-	-	-
Interest	-	(1,659)	(5,327)	(6,137)
Profit before tax	361	1,410	3,174	18
Taxation (note ii)	(614)	(401)	512	(8)
Profit/(loss) after taxation	(253)	1,009	3,686	10
Weighted average number of ordinary shares in issue ('000)	227	500	500	500
Basic earnings per share (RM)	(1.90) *	2.02	7.37	0.02

\* Annualised