

# Annual **2002** Report



**Jasatera Berhad**

Incorporated in Malaysia • Company No.78053-H

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**Rationale Behind Logo** The logo is based on a stylised “J” which stands for Jasatera. The “J” is constructed from sharp, building block-like strokes, which is to represent the construction industry and Jasatera’s main business thrust.

In keeping with the company’s philosophy, the green within the stylised “J” is representative of the environment and our commitment to preserve nature. The blue in the block strokes of the “J” represents the industry as a whole.

Taken as whole, the blue “J” encompasses the green, thereby protecting the green from being destroyed. Thus Jasatera is not only a responsible company, but it is also one that is in tune with the environment.

## **Notice** OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at Permai Room 1, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Friday, 28 June 2002 at 10.00 a.m. for the following purposes:-

1. To receive and adopt the Audited Accounts for the year ended 31 January 2002 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve Directors' Fees. **(Resolution 2)**
3. To re-elect the following Directors who are retiring in accordance to the respective Articles of Association of the Company:-
  - i) Ir. Lim Ching Soon (Article 80) **(Resolution 3)**
  - ii) Mahamad Zaihan bin Zakaria (Article 80) **(Resolution 4)**
  - iii) Tan Tien Kok (Article 87) **(Resolution 5)**
4. To re-appoint Auditors Messrs Shamsir Jasani Grant Thornton and to authorize the Directors to fix their remuneration. **(Resolution 6)**
5. To transact any other ordinary business of the Company for which due notice shall have been given.

By Order Of The Board

**Lim Seck Wah** (MAICSA No. : 0799845)

**Wong Chee Beng** (MIA No. : 3151)

Secretaries

5 June 2002

Selangor Darul Ehsan

### **Notes:**

1. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or, if the appointor is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorized.
4. All Forms of Proxy should be deposited at the Company's Registered Office, No. 29, Jalan SS 15/4E, 47500 Subang Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

## **Statement** ACCOMPANYING THE NOTICE OF THE ANNUAL GENERAL MEETING

Pursuant to paragraph 8.28(2) of the Kuala Lumpur Stock Exchange Listing requirements (“the Listing Requirements”), the information required to be appended are as follows:-

1. The Directors who are standing for re-election at the Nineteenth Annual General Meeting of the Company are:-

- i) Ir. Lim Ching Soon
- ii) Mahamad Zaihan bin Zakaria
- iii) Tan Tien Kok (appointed on 20 June 2001)

Further details of the Directors standing for re-election are set out in the section on Directors’ profile appearing in this Annual Report.

2. Attendance record of the Directors at the Board of Directors’ Meeting held during the financial year ended 31 January 2002 are as follows:-

Name of Director	Attendance	%
Koo Yuen Kim, JP	3/4	75
Dr. Koo Woon Kee	4/4	100
Ir. Lim Ching Soon	4/4	100
Ir. Leong Soon Kiong	4/4	100
Mahamad Zaihan bin Zakaria	3/4	75
Tan Jyh Yaong *	1/1	100
Datuk Yeop Adlan bin Che Rose *	0/1	0
Tan Tien Kok**	3/3	100

\* – retired on 31 May 2001

\*\* – appointed on 20 June 2001

3. Place, date and time of Board meetings

All of the Board Meetings were held at the Company’s Registered Office at No. 29, Jalan SS 15/4E, 47500 Subang Jaya, Selangor Darul Ehsan.

Date of Meeting	Time
20 April 2001	10.30 a.m.
12 June 2001	10.30 a.m.
16 November 2001	3.00 p.m.
14 January 2002	3.00 p.m.

**Corporate** INFORMATION

<b>DIRECTORS</b>	<p><b>Koo Yuen Kim, JP</b> Non-Executive Vice Chairman  <b>Dr. Koo Woon Kee</b> Managing Director  <b>Ir. Lim Ching Soon</b> Executive Director  <b>Ir. Leong Soon Kiong</b> Executive Director  <b>Mahamad Zaihan bin Zakaria</b> Non-Executive Independent Director  <b>Tan Tien Kok</b> (appointed on 20.6.2001 ) Non-Executive Independent Director  <b>Datuk Yeop Adlan bin Che Rose</b> Non-Executive Independent Director  (retired on 31.5.2001)  <b>Tan Jyh Yaong</b> (retired on 31.5.2001) Non-Executive Independent Director</p>
<b>AUDIT COMMITTEE</b>	<p><b>Tan Tien Kok</b> (appointed on 20.6.2001)  <b>Ir. Lim Ching Soon</b>  <b>Mahamad Zaihan bin Zakaria</b>  <b>Tan Jyh Yaong</b> (retired on 31.5.2001)</p>
<b>SECRETARIES</b>	<p><b>Lim Seck Wah</b> (MAICSA No. : 0799845)  <b>Wong Chee Beng</b> (MIA No. : 3151)</p>
<b>AUDITORS</b>	<p><b>Shamsir Jasani Grant Thornton</b>  (Member of Grant Thornton International)  Chartered Accountants  Level 11-1, Faber Imperial Court  Jalan Sultan Ismail  50250 Kuala Lumpur  Tel : 603-2692 4022 Fax : 603-2732 5119  E-mail : sjgt@gt.com.my</p>
<b>REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS</b>	<p>29, Jalan SS 15/4E  47500 Subang Jaya  Selangor Darul Ehsan  Tel : 603-5633 2888 Fax : 603-5633 2607  E-mail : Jasatera@po.jaring.my</p>
<b>REGISTRAR</b>	<p><b>Mega Corporate Services Sdn. Bhd.</b>  Level 11-2, Faber Imperial Court  Jalan Sultan Ismail  50250 Kuala Lumpur  Tel : 603-2692 4271 Fax : 603-2732 5388</p>
<b>BANKERS</b>	<p><b>Affin Bank Berhad</b>  <b>Bank Bumiputra Commerce Berhad</b>  <b>Hong Leong Bank Berhad</b>  <b>Malayan Banking Berhad</b>  <b>Public Bank Berhad</b>  <b>RHB Bank Berhad</b>  <b>Sabah Development Bank Berhad</b>  <b>Southern Bank Berhad</b>  <b>United Overseas Bank (M) Berhad</b></p>
<b>SOLICITORS</b>	<p><b>C.H. Yeoh &amp; Yiew</b>  <b>C.Y. Ngeow &amp; Associates</b>  <b>Lee Hishamuddin</b>  <b>Lee, Perara &amp; Tan</b>  <b>Ong Chin Beng &amp; Rakan-Rakan</b></p>
<b>STOCK EXCHANGE LISTING</b>	<b>The Kuala Lumpur Stock Exchange (Second Board)</b>
<b>STOCK CODE</b>	<b>9857</b>

## ***Directors'*** PROFILE

### **KOO YUEN KIM, JP**

Non-Executive Vice Chairman  
Chairman of Remuneration Committee  
Chairman of Nomination Committee  
Malaysian

Mr Koo, aged 42, is a prominent businessman both in China and Malaysia. He holds several society positions, namely Deputy Chairman for Malaysian Zhongshan Association and Director for Chinese Chamber of Commerce. He is the founder of a company known as Perfect Resources (M) Sdn Bhd to tap the Malaysian market as well as to venture into China. He has established a valuable networking of contacts in China. Subsequently he established a company, Zhongshan Perfect Product Co. Ltd in Zhongshan and set up a factory in Shigi (main city of Zhongshan) within the Guangdong Province to manufacture health care and food products. He is currently the Chairman of Zhongshan Perfect Co. Ltd and holds directorship in several other companies, namely Perfect Eagle Holdings Sdn Bhd, Influx Advance Sdn Bhd and Tinjau Dunia Sdn Bhd. He has contributed approximately Reminbi 16.5 million towards community services and was known for his notable donations and generosity towards the Chinese community in China. As a result, he has been conferred honorary citizenship by various cities in China.

Koo Yuen Kim, JP is a deemed substantial shareholder of the company and is the younger brother of Dr. Koo Woon Kee. He has no material conflict of interest with the group other than those disclosed to the Board of Directors, as shown in the financial statements and in the circular to shareholders for the proposed shareholders' mandate. He has no convictions for offences within the past 10 years.

### **DR. KOO WOON KEE**

Managing Director  
Malaysian

Dr. Koo, aged 47, heads the management team as the Managing Director of Jasatera. He has more than 30 years experience in carrying out and managing various sizes and types of construction projects and trading of building materials. He was recently awarded an honorary Doctorate in Business Administration from the University of America, Hawaii.

He is the elder brother of Koo Yuen Kim, JP who is the Non-Executive Chairman and deemed substantial shareholder of the company. He has no material conflict of interest with the group other than those disclosed to the Board of Directors, as shown in the financial statements and in the circular to shareholders for the proposed shareholders' mandate. He has no convictions for offences within the past 10 years. He is also a Director of several private limited companies.

**Directors' PROFILE** (cont'd)**IR. LIM CHING SOON**

Executive Director

Member of Audit Committee

Malaysian

Ir. Lim, aged 48, obtained his Bachelor of Science Degree in Civil Engineering from the University of Strathclyde, Glasgow, Scotland in 1983 and is presently a member of the Institute of Engineers in Malaysia. He started his career with JKR, Wilayah Persekutuan as a Technical Assistant from 1975 to 1980 and between 1983-1995, he served in various other departments before he opted for his early retirement in 1995. He later joined the Putra Light Rail Transit Group to construct the LRT in Kuala Lumpur from 1995 to 1998. He was appointed to the Board of Jasatera in 1998 and is involved in the business development, daily operations, cost planning, and co-ordination of the Company's site operations.

He has no material conflict of interest with the group other than those disclosed to the Board of Directors, as shown in the financial statements and in the circular to shareholders for the proposed shareholders' mandate. He has no family relationship with any Directors or substantial shareholders of the Company. He has no convictions for offences within the past 10 years. He is also a Director of several private limited companies.

**IR. LEONG SOON KIONG**

Executive Director

Malaysian

Ir. Leong, aged 44, is in charge of the Project Department of the Company. He graduated from the University of Malaya in 1981 with an Honours Degree in Civil Engineering. He became a member of the Institute of Engineers Malaysia in 1986 and was subsequently admitted to the Board of Engineers Malaysia as a Professional Engineer in 1987. He joined Jasatera in 1985 and has extensive experience in highrise construction, heavy civil engineering as well as water supply related projects. He is presently overall in charge of the Project Department of Jasatera, which encompasses the Quantity Surveyor Department, the Plant and Machinery Department as well as the Operations Department.

He has no family relationship with any directors or substantial shareholders of the company. He has no convictions for offences within the past 10 years and has no conflict of interest with the company.

**MAHAMAD ZAIHAN BIN ZAKARIA**

Non-Executive Independent Director

Member of Audit Committee

Member of Remuneration Committee

Member of Nomination Committee

Malaysian

Encik Zaihan has been a non-executive independent director of the Company since 27 August 1999. He was with Bank Bumiputra Malaysia, Kuala Lumpur from 1981 to 1983 after obtaining his diploma in Business Studies from Institute Teknologi Mara. In January 1984, he left the bank to pursue a degree in Business Administration at Indiana State University and a master in Business Administration (MBA) at U.S. International University. In June 1987, he joined a local cooperative bank and was seconded to Bank Negara under the Abandoned Housing Project Fund for 2 years. He was promoted to head the Loan Rehabilitation Department in the same bank in 1993. In 1998, he was transferred to Kuantan branch and is currently the head of the operation for the east coast region.

He has no family relationship with any directors or substantial shareholders of the company. He has no convictions for offences within the past 10 years and has no conflict of interest with the company.

**TAN TIEN KOK**

Non-Executive Independent Director

Chairman of Audit Committee

Member of Remuneration Committee

Member of Nomination Committee

Malaysian

Mr Tan, aged 32 was appointed to the Board as Director on 20 June 2001. He is a fellow member of the Association of Chartered Certified Accountants, and a member of Malaysian Institute of Accountants. Prior to joining the Company, he has held management positions in several public listed corporations and private companies. He has 9 years of experience in the areas of auditing, financial management and corporate advisory having been with Messrs BDO Binder and Malaysian International Merchant Bankers Berhad.

He has no any family relationship with any Directors or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest. He has no convictions for offences within the past 10 years.

## **Corporate** GOVERNANCE STATEMENT

### **BOARD OF DIRECTORS**

#### **Board Responsibilities**

The Board of Directors of JASATERA BERHAD (“Jasatera”) is fully aware of its continuing responsibilities to protect and to enhance the shareholders’ value. The Board of Directors is fully committed to ensure that the principles and best practices in Corporate Governance as set out in the Malaysian Code of Corporate Governance (“the Code”) are applied in Jasatera and its subsidiaries (“Group”).

Jasatera is managed and controlled by an effective Board of Directors who has the overall responsibility to oversee its business affairs. All of the directors had attended the Mandatory Accreditation Programme to sharpen their skills in the area of corporate governance.

The Board of Directors has the overall responsibility for, inter-alia the following matters:-

- ★ Review and adopt strategic plans
- ★ Oversee and evaluate business conduct
- ★ Identify principal risks and ensure implementation of appropriate risk management system
- ★ Succession planning for senior management
- ★ Develop and implement investor relations programme or shareholder communications policy
- ★ Review the adequacy of internal control system

#### **Board Balance**

The Board currently has six (6) members, comprising three (3) Executive Directors and three (3) Non-Executive Directors. Two (2) of the Non-Executive Directors (being one-third) are Independent Directors, thereby bringing an unbiased and independent view to the Board. The present Directors bring a wide range of skills and experience (refer Director’s profile) relevant to the business of Jasatera.

The size and composition of the Board is balanced to reflect the interest of major shareholders, the management and the minority interests. The ratio of Independent Directors throughout the financial year is in accordance with the Kuala Lumpur Listing Requirements as well as the code.

The roles of Vice Chairman and Managing Director are segregated to ensure balance of power and authority. All Directors have access to the advice and services of two qualified Company Secretaries and independent professionals if required by them, at the Company’s expenses.

#### **Directors’ Training**

The Board recognize that recruits to the Board should have sufficient calibre, knowledge and experience. The company do not have formal training programme for Directors but are required to complete the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia (RIIAM).

**Retirement & Re-election**

Under the Articles of Association, all directors are required to retire at least once in three years. Furthermore, directors who were appointed during the year are required to retire in the Annual General Meeting following his/her appointment.

**Board meetings**

The Board meets at least four times a year with additional meetings convened as necessary. The agenda for all board meetings and relevant documents are circulated in advance to ensure that the Directors are able to effectively discharge their responsibilities. Any additional information requested by the Board is also provided on a timely basis.

<b>Name of Director</b>	<b>Attendance</b>	<b>%</b>
<b>Koo Yuen Kim, JP</b>	3/4	75
<b>Dr. Koo Woon Kee</b>	4/4	100
<b>Ir. Lim Ching Soon</b>	4/4	100
<b>Ir. Leong Soon Kiong</b>	4/4	100
<b>Mahamad Zaihan bin Zakaria</b>	3/4	75
<b>Tan Jyh Yaong *</b>	1/1	100
<b>Datuk Yeop Adlan bin Che Rose *</b>	0/1	0
<b>Tan Tien Kok **</b>	3/3	100

\* retired on 31 May 2001

\*\* appointed on 20 June 2001

**Board Committees**

To assist the Board in executing its responsibilities, the following committees have been established:-

- i) Audit Committee
- ii) Nomination Committee
- iii) Remuneration Committee

**i) Audit Committee**

The primary objective of the Audit Committee is to assist the Board of Directors in discharging its responsibilities relating to financial accounting and reporting matters. In compliance with the KLSE Listing Requirements and the Code, the Audit Committee of Jasatera comprises of three (3) Directors, a majority of whom are Independent Non-Executive Directors:-

**Chairman** : **Tan Tien Kok** (Non-Executive Independent Director)

**Members** : **Ir. Lim Ching Soon** (Executive Director)  
**Mahamad Zaihan bin Zakaria** (Non-Executive Independent Director)

The terms of reference and details of the Audit Committee are as set in the section under Audit Committee Report.

**ii) Nomination Committee**

The Nomination Committee which consists of the following Non-Executive Directors was established on 14 January 2002. The committee is made up wholly of Non-Executive Directors and the majority are independent.

**Chairman** : **Koo Yuen Kim, JP** (Non-Executive Vice Chairman)  
**Members** : **Mahamad Zaihan bin Zakaria** (Non-Executive Independent Director)  
: **Tan Tien Kok** (Non-Executive Independent Director)

The Nomination Committee was formed with the objective to assist the Board of Directors in the following areas:-

1. To identify the desired mix of expertise, competencies and experience for an effective Board
2. To identify and recommend candidates with the necessary qualities to strengthen the Board and Board committees
3. To nominate Directors for the purpose of re-election
5. To ensure that new recruits to the Board are provided appropriate orientation and education programme
6. To assess the effectiveness of the Board as a whole, the Board Committees and contribution from each individual Directors and give recommendation for improvement
7. To consider candidates for directorship proposed by the Managing Director, directors or shareholder.
8. To carry out such other assignments as may be delegated by the Board

There were no meeting convened since the establishment of the Nomination Committee as there were no new candidates nominated yet.

Recommendations by the Nomination Committee are subject to the approval by the Board of Directors.

**iii) Remuneration Committee**

The Remuneration Committee which consists of the following Directors was established on 14 January 2002. The committee is made up wholly of Non-Executive Directors and the majority are independent.

**Chairman** : **Koo Yuen Kim, JP** (Non-Executive Vice Chairman)  
**Members** : **Mahamad Zaihan bin Zakaria** (Non-Executive Independent Director)  
: **Tan Tien Kok** (Non-Executive Independent Director)

The Remuneration Committee was formed with the objective to assist the Board of Directors in the following areas:-

1. To review and recommend the general remuneration policy of the Group.
2. To review annually the compensation for the Directors.
3. To recommend appointment and promotion of top executives, determine their salaries, revision and benefits.
4. To carry out such other assignments as may be delegated by the Board.

There were no meeting convened since the establishment of the Remuneration Committee during the financial year under review.

**DIRECTORS' REMUNERATION**

The Board recognizes the need to attract and retain Directors of the necessary caliber to ensure future success of Jasatera. The Remuneration Committee was therefore formed to develop and review the remuneration policy and recommend to the Board, the appropriate remuneration packages for Executive Directors.

The remuneration package of Executive Directors are linked to individual and corporate performance. In recommending the remuneration packages for the Executive Directors. The Committee takes into consideration the responsibilities, the experience required, the contribution and performance of each individual Director.

The Executive Directors play no part in determining their own remuneration packages whilst the remuneration packages of Non-Executive Directors, which is reflective of their experience and level of responsibilities, are determined collectively by the whole Board.

Details of Directors' remunerations for the year ended 31 January 2002 are as follows:-

<b>Category</b>	<b>Fee</b>	<b>Contract Salaries</b>	<b>Benefits-in-kind</b>	<b>Total</b>
Executive	36,000	362,880	-	398,880
Non-Executive	31,366	-	-	31,366
<b>Total</b>	<b>67,366</b>	<b>362,880</b>	<b>-</b>	<b>430,246</b>

The Directors, whose remuneration falls within the following bands are as follows:-

<b>Range</b>	<b>Executive</b>	<b>Non-Executive</b>
Below RM50,000	-	3
RM50,000 – RM100,000	-	-
RM100,001 – RM150,000	3	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-

Fees paid to all directors are subject to shareholders' approval at the Annual General Meeting.

**ACCOUNTABILITY AND AUDIT****Financial Reporting**

Before approving each quarterly announcements and annual financial statements, the Board considers the recommendation by the Audit Committee and takes reasonable steps to review them to ensure that they present balanced and comprehensive assessment of the financial position and prospect of the company. A statement by the Directors of their responsibilities in preparing the financial statement is included in this Annual Report.

**Internal Control**

The Directors recognize the important of maintaining proper internal control system to safeguard the shareholders' investment and the company's assets. In this regard, the Board has outsourced the internal audit function to an external professional firm and their report is submitted to the Audit Committee and their findings are further deliberated during the Board meetings. A statement by the Directors on the application of the principles set out in Part 1 of the Malaysian Code of Corporate Governance is included in this Annual Report.

**Relationship With The Auditors**

The Board and the Audit Committee maintain good relationship with the external auditors. Members of the Audit committee meet the external auditors to discuss the conduct and findings arising from external audit, wherever necessary.

**COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS**

The Board recognizes the need to have an effective communication with shareholders, stakeholders and investors. The following information are disseminated to them on a timely basis:-

1. Quarterly announcements
2. Annual reports
3. Circular to shareholders
4. Other important announcements

All the above could be assessed through the KLSE website at [www.klse.com.my](http://www.klse.com.my).

In additions, the Annual General Meetings also provides an opportunity for shareholders to seek and clarify any issues concerning company.

**ADDITIONAL COMPLIANCE STATEMENT****Material Contract**

There were no material contract involving directors or major shareholders other than those entered in the ordinary course of business by the Company as disclosed in the financial statements.

The company is seeking shareholders' ratification and mandate on related party transactions of a revenue nature for transactions entered into or to be entered by the company with related parties at the forthcoming extraordinary general meeting. The details of related party transactions of a revenue nature are included in the circular to the shareholders.

**Share Buybacks**

During the financial year, there was no share buyback by the Company.

**Options, Warrants or Convertible Securities**

There were no other options, warrants or convertible securities issued by the Company during the financial year.

**Imposition of Sanctions/Penalties**

There were no material sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the regulatory bodies during the financial year.

**Non-Audit Fees**

An amount of RM76,000.00 were incurred for professional services rendered in connection with the Company's Proposed Recapitalisation Exercise and no fees have been paid to the external auditors during the financial year.

**Revaluation of Land Properties**

The policy on revaluation of properties is as disclosed in the financial statements.

**American Depository Receipt (ADR) or Global Depository Receipt (GDP) Programme**

During the financial year, the Company did not sponsor any programme.

*This statement was made in accordance with a resolution of The Board dated 21 May 2002.*

The Directors are collectively responsible for the preparation of the annual financial statements of the Group and of the Company. In discharging their responsibilities, the Directors, with the assistance of the Audit Committee:-

- ★ Reviewed the appropriateness of the accounting policies used and consistency in its application.
- ★ Ensured accounting and other records are kept appropriately to enable the preparation of financial statements with reasonable accuracy.
- ★ Reviewed the presentation of the financial statements with the external auditors to ensure that the financial statements are prepared in accordance with the applicable approved accounting standards, the provision of the Companies Act, 1965 and the Listing Requirements of the Kuala Lumpur Stock Exchange.

## ***Responsibility*** STATEMENT BY THE BOARD OF DIRECTORS

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- ★ Ensure the financial statements presents a true and fair view of the state of affairs of the Group and of the Company at the end of financial year, their results and cash flows for the financial year.
- ★ Ensure accounting estimates included in the financial statements are reasonable and prudent.
- ★ Ensure adequate system of internal control is in place to safeguard the interest of the Group through prevention and detection of fraud and other irregularities which will result in material misstatement.

The financial statements for the year ended 31 January 2002 were approved by the Directors on 21 May 2002.

***This statement was made in accordance with a resolution of The Board dated 21 May 2002.***

**MEMBERSHIP**

The present members of the Audit Committee comprise the following :-

<b>Name</b>	<b>Designation</b>
<b>Tan Tien Kok</b> – Chairman	Non-Executive Independent Director
<b>Ir. Lim Ching Soon</b>	Executive Director
<b>Mahamad Zaihan bin Zakaria</b>	Non-Executive Independent Director

Mr. Tan Tien Kok is a member of the Malaysian Institute of Accountants and therefore the composition of the Audit Committee is in compliance with the KLSE Listing Requirements.

**MEETINGS AND ATTENDANCE**

The Audit Committee met six (6) times during the financial year under review:-

<b>Members</b>	<b>Attendance</b>	<b>%</b>
<b>Tan Tien Kok **</b>	4/4	100
<b>Ir. Lim Ching Soon</b>	6/6	100
<b>Mahamad Zaihan bin Zakaria</b>	6/6	100
<b>Tan Jyh Yaong *</b>	2/2	100

\* retired as a Director and member of the Audit Committee on 31 May 2001

\*\* appointed as a Director and Chairman of the Audit Committee on 20 June 2001.

The Company Secretary and Finance Manager were present by invitation at the above meetings.

**ACTIVITIES**

During the financial year under review, the activities of the Audit Committee included:-

- Discussing and reviewing the external auditors' plan, scope and nature of work, the results of their examination and their recommendations arising from the audit.
- Reviewing the audited financial statements and unaudited quarterly financial results of the Group.
- Meeting with and recommending to the Board, the outsource internal auditor for Risk Management and Internal control Review; and
- Reviewing the related party transactions and conflict of interest situation that may arise within the Group.

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### COMPOSITION

- The Committee shall be appointed from amongst the Board members and shall:-
  - (i) comprise no fewer than three (3) members;
  - (ii) comprise a majority of independent directors; and
  - (iii) have at least one (1) member who is a member of the Malaysian Institute of Accountants or who complies with paragraph 15.10 of the KLSE requirements.
- The Chairman, who shall be elected by the audit committee, shall be an independent director.
- In the event of any vacancy resulting in non-compliance with the terms of reference hereof, the vacancy must be filled within 3 months.

### DUTIES

- To review with the external auditors on:-
  - (i) the audit plan, its scope and nature; and
  - (ii) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group.
- To review the adequacy of the scope, functions and resources of the internal audit functions and the system of internal controls within the Group.
- To review with management:-
  - (i) audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
  - (ii) interim financial information and press release relating to financial matters of importance; and
  - (iii) the assistance given by the officers of the Company to external auditors.
- To review any related party transaction and conflict of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- To review the quarterly report on consolidated results and annual financial statement with management and the auditors prior to submission to the Board of Directors.
- To review whether there is reason (supported by grounds) to believe that the Group's external auditor is not suitable for re-appointment.
- To consider the appointment of the external auditor, its audit fee and any question of its dismissal or

**RIGHTS**

The audit committee shall:-

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to convene meetings with the external auditors, excluding the attendance of the executive members of the audit committee, whenever deemed necessary;
- (g) promptly report to the KLSE matters which have not been satisfactory resolved by the Board of Directors resulting in a breach of the listing requirements.

**MEETINGS**

- The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.
- The Company Secretary is responsible for co-ordinating of administrative details including calling the meetings, voting and keeping of minutes.
- The Chairman shall upon request of the auditors convene a meeting of the Audit Committee to consider any matter the auditors believe should be brought to the attention of the directors or shareholders.
- The external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee.

## INTERNAL AUDIT FUNCTION

Due to the size of the Group, an internal audit function was not established but instead the function was outsourced to an external professional firm.

Subsequent to their appointment, the external professional firm have undertaken a review of the group system of internal control and had submitted their report to the Audit Committee.

In addition, the outsourced internal auditors have assisted the Audit Committee to:-

- ★ Review the state of corporate governance in the Group.
- ★ Identify principal risks faced by the Group and appraise the adequacy of the risk management system of the Group

In the coming financial year, the outsourced internal auditors will:-

- ★ Submit their annual internal audit plan for the approval by the Audit Committee
- ★ Perform operational audit on a systematic basis
- ★ Report weaknesses in high risk areas discovered to the audit Committee
- ★ Review the related parties transaction
- ★ Perform any other tasks as instructed by the Audit Committee

***This Audit Committee Report was made in accordance with a resolution of the Audit Committee dated 21 May 2002.***

## **Statement** OF INTERNAL CONTROL

The Board is ultimately responsible for the Group's system of internal control and for reviewing its adequacy and integrity. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Following the publication of guidance for directors on internal control "Statement on Internal Control: Guidance for Directors of Public Listed Companies" the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this has been in place towards the 3<sup>rd</sup> quarter of the financial year and up to the date of approval of the annual report and financial statements. The Board further confirms that this process is regularly reviewed by the Board and accords with the guidance.

The system of internal control is maintained to achieve the following objectives:-

1. Safeguard the shareholders' interest and assets of the Group.
2. Ensure the achievement of operation objectives.
3. Ensure compliance with regulatory requirements.
4. Identify and manage risks affecting the Group.

Salient features of the framework of internal control system of the Group are as follows:-

1. The management structure is well defined, with clear line of responsibilities and delegation of authorities.
2. Key responsibilities are properly segregated.
3. The Board continuously assesses key risks areas with the help of the Audit Committee and the external professional appointed to undertake the internal audit function.
4. Financial results are reviewed quarterly by the Board and the Audit Committee.
5. Executive Directors and head of departments meet regularly to discuss operational, corporate, financial and key management issues.
6. Internal control procedures are adequately documented and communicated to all staff members.
7. Through internal audit process, the effectiveness of internal control procedures are subject to continuous assessments, reviews and improvements by the external professional firm.
8. Effective reporting system to ensure timely generation of financial information for management review.

The Directors are of the opinion that the existing system of internal control is adequate to achieve the above objectives. Save for those areas highlighted by the outsourced internal auditors undertaking the review of the Group's system of internal control in their report.

The areas highlighted have some weaknesses which are currently being remedied with the help of the outsourced internal auditors.

***This statement was made in accordance with a resolution of the Board dated 21 May 2002.***

**5 years'** FINANCIAL HIGHLIGHTS

<b>In RM'000</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Turnover	<b>33,682</b>	18,006	2,530	40,850	84,947
(Loss)/Profit before taxation	<b>(22,022)</b>	(6,812)	(11,621)	(111,516)	(10,365)
Taxation	<b>(32)</b>	-	-	(379)	(192)
(Loss)/Profit after taxation	<b>(22,054)</b>	(6,812)	(11,621)	(111,137)	(10,557)
Minority interest	-	-	-	-	-
Dividends	-	-	-	-	-
(Accumulated losses) /Retained profit	<b>(137,475)</b>	(115,421)	(108,609)	(96,988)	14,149
Net dividends per share (sen)	-	-	-	-	-
(Loss)/Earnings per share (sen)	<b>(1.10)</b>	(34.09)	(58.16)	(556.24)	(52.84)
Shareholders' funds	<b>(117,534)</b>	(95,479)	(88,990)	(77,038)	34,257
Net tangible assets per share (RM)	<b>(5.88)</b>	(4.78)	(4.45)	(3.86)	1.71
Paid up capital	<b>19,980</b>	19,980	19,980	19,980	19,980

## **Vice** CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I wish to present the Annual Report and the Audited Accounts of the Group and the Company for the financial year ended 31 January 2002.

### **FINANCIAL REVIEW**

Despite the generally sluggish pace of the construction industry, the Group recorded an increased turnover of RM33.7 million as compared with RM18.0 million for the preceding year.

At the operational level, the Group suffered a higher loss after tax of RM22.1 million as compared with a lower loss after tax of RM6.8 million for the preceding year.

The higher turnover was due a sizeable contract secured during the financial year while the higher loss after tax was due to a material provision for doubtful debts, restructuring cost and higher accrual for financial cost on outstanding debts.

The current financial position (under PN4) of Jasatera has hindered the exploitation of its full potential as the debt restructuring is still in progress and the adverse financial statements have prevented the company from securing more contracts.

### **CORPORATE DEVELOPMENT**

With regard to the company's debt restructuring exercise, the company signed a supplementary debt settlement agreement with the bank creditors on 3 September 2001, after much discussion and various meetings. This agreement is supplemental to an earlier agreement dated 5 September 2000.

On 23 November 2001, the company's corporate adviser, Public Merchant Bank Berhad submitted the proposal on the Proposed Recapitalisation Exercise to the Securities Commission but on 5 March 2002, the proposal was rejected. Subsequently, an appeal application was submitted on 4 April 2002 and the result is still pending.

In the meantime, KLSE had given the company an extension of time up till 21 June 2002 to obtain all approvals necessary for the implementation of the Revised Proposed Recapitalisation Exercise

It is pertinent to emphasize that the outcome of this appeal is very important for the turnaround of the company and your Board have put in a lot of effort, time and resources towards the appeal.

**PROSPECTS**

With the impending improvement in the Malaysian economy, the construction industry is expected to see more activities in the coming months due to the implementation of various infrastructure development projects by the government to stimulate the local economy which will give a big boost to the construction industry.

As such, it is expected the company will be able to benefit from this economic recovering and increased activities but the full benefit can only be enjoyed provided the company is able to implement its Revised Proposed Recapitalisation Exercise.

**ACKNOWLEDGEMENT**

On behalf of the Board, I would like to extend our sincere appreciation to our shareholders, customers, suppliers, bankers and employees for their continuous support.

I also wish to extend my appreciation to my fellow Directors for their valuable assistance and contribution.

**Koo Yuen Kim, JP**

Vice Chairman

16 May 2002

# *Reports &* FINANCIAL STATEMENTS

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**Directors' REPORT**

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2002.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company consist of the undertaking of contracts for general building and civil works. The principal activities of its subsidiary companies, associated companies and joint ventures are disclosed in Notes 8, 9 and 10 to the Financial Statements.

There have been no significant changes in the activities of the Company, its subsidiary companies, associated companies and joint ventures during the financial year.

**FINANCIAL RESULTS**

	<b>Group RM</b>	<b>Company RM</b>
Net loss for the year	<b>22,054,482</b>	<b>16,639,518</b>
Accumulated loss brought forward	<b>115,420,831</b>	<b>118,040,365</b>
Accumulated loss carried forward	<b>137,475,313</b>	<b>134,679,883</b>

**DIVIDENDS**

There were no dividend paid or declared by the Company since the end of the previous financial year.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year.

**ISSUE OF SHARES AND DEBENTURES**

There were no shares or debentures issued during the financial year.

**INFORMATION ON THE FINANCIAL STATEMENTS**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps :-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

**OTHER STATUTORY INFORMATION**

The Directors state that :-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

**Directors'** REPORT (cont'd)**OTHER STATUTORY INFORMATION (cont'd)**

In the opinion of the Directors:-

- (a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

**DIRECTORS**

The Directors in office since the date of the last report are :-

<b>Koo Yuen Kim, JP</b>	(Non-Executive Vice Chairman)
<b>Dr. Koo Woon Kee</b>	(Managing Director)
<b>Ir. Lim Ching Soon</b>	(Executive Director)
<b>Ir. Leong Soon Kiong</b>	(Executive Director)
<b>Mahamad Zaihan Bin Zakaria</b>	(Non-Executive Independent Director)
<b>Tan Tien Kok</b> (appointed on 20.6.2001)	(Non-Executive Independent Director)
<b>Datuk Yeop Adlan Bin Che Rose</b> (retired on 31.5.2001)	(Non-Executive Independent Director)
<b>Tan Jyh Yaong</b> (retired on 31.5.2001)	(Non-Executive Independent Director)

The shareholdings in the Company and its related corporations of those who were Directors at the end of the financial year are as follows:-

Interest in the Company	Ordinary shares of RM1 each			At 31.1.2002
	At 1.2.2001	Bought	Sold	
<b>- Direct interest</b>				
<b>Koo Yuen Kim, JP</b>	242,000	-	-	242,000
<b>Dr. Koo Woon Kee</b>	195,000	-	-	195,000
<b>Ir. Lim Ching Soon</b>	7,000	-	-	7,000
<b>Ir. Leong Soon Kiong</b>	1,000	-	-	1,000
<b>- Deemed interest</b>				
<b>* Koo Yuen Kim, JP</b>	1,910,380	-	-	1,910,380

\*Deemed interest by virtue of his interest in a body corporate.

By virtue of their interest in the shares of the Company, the Directors having interest in shares of the Company are deemed to have interest in the subsidiary companies under Section 6A of the Companies Act, 1965 to the extent the Company have an interest.

No other Directors in office at end of the financial year held any interest in the shares of the Company and its related corporations during the financial year.

**DIRECTORS' BENEFITS**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (except as disclosed in Notes 21 and 25 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Significant events during the financial year are disclosed in Note 28 to the Financial Statements.

**SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

Significant events subsequent to the balance sheet date are disclosed in Note 29 to the Financial Statements.

**MATERIAL LITIGATION**

Material litigations are disclosed in Note 30 to the Financial Statements.

**AUDITORS**

Messrs Shamsir Jasani Grant Thornton have expressed their willingness to continue in office.

On behalf of the Board

**Dr. Koo Woon Kee** )  
 )  
 ) Directors  
 )  
**Ir. Lim Ching Soon** )

Kuala Lumpur  
21 May 2002

**Statement** BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 31 to 73 are drawn up in accordance with the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2002 and of the results and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board

**Dr. Koo Woon Kee**

**Ir. Lim Ching Soon**

Kuala Lumpur  
21 May 2002

**Statutory** DECLARATION

I, **Dr. Koo Woon Kee**, being the Director responsible for the financial management of Jasatera Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 31 to 73 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in )  
the Federal Territory this day of 21 May 2002 )

**Dr. Koo Woon Kee**

Before me:

Commissioner for Oaths  
**T Thandonee Raja Gopal**  
**No. W228**

**Report of** THE AUDITORS TO THE MEMBERS OF JASATERA BERHAD

We have audited the financial statements set out on pages 31 to 73. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the financial statements which have been prepared under the historical cost convention are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
  - (ii) the state of affairs of the Group and of the Company as at 31 January 2002, results of the operations and cash flows of the Group and of the Company for the financial year ended on that date;

and

- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

In forming our opinion, we have considered the adequacy of the disclosure made in Notes 2 and 28(a) to the Financial Statements concerning the Directors' efforts to renegotiate loans and raise further funds. In view of the significance of the fact that the preparation of the financial statements on the going concern basis assumes the successful conclusion of these matters, we consider that these disclosures should be brought to your attention. Our opinion is not qualified in this respect.

We have considered the financial statements of the subsidiary company, Jasatera Ventures (Australia) Pty Ltd of which we have not acted as auditors.

**Report of** THE AUDITORS TO THE MEMBERS OF JASATERA BERHAD (cont'd)

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Act.

**Shamsir Jasani Grant Thornton**

(No: Af-737)

Chartered Accountants

**Dato' N. K. Jasani**

Chartered Accountant

(No: 708/03/04(J/Ph) )

Partner

Kuala Lumpur

21 May 2002

**Balance** SHEETS as at 31 January 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
SHARE CAPITAL	5	<b>19,980,000</b>	19,980,000	<b>19,980,000</b>	19,980,000
EXCHANGE FLUCTUATION RESERVE		<b>(39,019)</b>	(38,643)	-	-
ACCUMULATED LOSSES		<b>(137,475,313)</b>	(115,420,831)	<b>(134,679,883)</b>	(118,040,365)
		<b>(117,534,332)</b>	(95,479,474)	<b>(114,699,883)</b>	(98,060,365)
LONG TERM LIABILITY					
Hire purchase creditor	6	-	19,178	-	19,178
		<b>(117,534,332)</b>	(95,460,296)	<b>(114,699,883)</b>	(98,041,187)
REPRESENTED BY :					
PROPERTY, PLANT AND EQUIPMENT	7	<b>7,415,386</b>	6,560,323	<b>3,391,195</b>	2,530,208
INVESTMENT IN SUBSIDIARY COMPANIES	8	-	-	<b>8</b>	6,252,482
INTEREST IN ASSOCIATED COMPANIES	9	<b>9,920,157</b>	11,887,570	<b>10,211,116</b>	10,211,116
INTEREST IN JOINT VENTURES	10	-	456,777	-	320,000
OTHER INVESTMENTS	11	<b>407,800</b>	402,970	<b>384,665</b>	382,250
		<b>17,743,343</b>	19,307,640	<b>13,986,984</b>	19,696,056
CURRENT ASSETS					
Contract amount due from customers	12	<b>16,234,864</b>	4,801,478	<b>16,234,864</b>	4,801,478
Trade receivables	13	<b>5,445,844</b>	11,510,307	<b>5,445,844</b>	11,510,307
Other receivables	14	<b>78,022</b>	447,617	<b>112,046</b>	178,489
Amount due from subsidiary companies	8	-	-	<b>4,537,730</b>	4,527,215
Amount due from associated company	9	-	-	-	-
Cash and bank balances	15	<b>619,197</b>	603,430	<b>616,324</b>	593,525
Total current assets		<b>22,377,927</b>	17,362,832	<b>26,946,808</b>	21,611,014

**Balance** SHEETS as at 31 January 2002 (cont'd)

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
LESS : CURRENT LIABILITIES					
Trade payables	16	<b>11,089,194</b>	5,528,534	<b>11,089,194</b>	5,528,534
Other payables	17	<b>46,812,369</b>	26,530,863	<b>46,416,330</b>	26,129,424
Amount due to a director	18	<b>5,618,965</b>	5,440,546	<b>5,618,965</b>	5,440,546
Amount due to a subsidiary company	8	-	-	-	9,244,816
Amount due to associated company	9	<b>10,054,009</b>	10,053,541	<b>10,054,009</b>	10,053,541
Amount due to joint ventures	10	-	78,148	-	78,148
Bank borrowings	19	<b>82,271,505</b>	82,686,499	<b>82,271,505</b>	82,686,499
Tax payable		<b>1,809,560</b>	1,812,637	<b>183,672</b>	186,749
Total current liabilities		<b>157,655,602</b>	132,130,768	<b>155,633,675</b>	139,348,257
NET CURRENT LIABILITIES		<b>(135,277,675)</b>	(114,767,936)	<b>(128,686,867)</b>	(117,737,243)
		<b>(117,534,332)</b>	(95,460,296)	<b>(114,699,883)</b>	(98,041,187)

The accompanying notes form an integral part of the financial statements.

***Income*** STATEMENTS for the Financial Year Ended 31 January 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Revenue	20	<b>33,681,817</b>	18,005,735	<b>33,681,747</b>	18,005,650
Cost of sales		<b>(35,129,608)</b>	(15,757,903)	<b>(35,129,608)</b>	(15,757,903)
Gross (loss)/profit		<b>(1,447,791)</b>	2,247,832	<b>(1,447,861)</b>	2,247,747
Other operating income		<b>706,117</b>	3,625,044	<b>10,161,733</b>	8,111,560
Administrative expenses		<b>(3,435,813)</b>	(3,437,727)	<b>(3,420,435)</b>	(3,406,936)
Other operating expenses		<b>(5,396,024)</b>	(609,428)	<b>(11,344,174)</b>	(498,182)
(Loss)/Profit from operations		<b>(9,573,511)</b>	1,825,721	<b>(6,050,737)</b>	6,454,189
Finance costs		<b>(10,556,394)</b>	(10,420,006)	<b>(10,556,394)</b>	(10,420,006)
Share of loss of associated companies		<b>(1,967,413)</b>	(493,091)	-	-
Share of profit of joint ventures		<b>75,223</b>	2,275,430	-	-
Loss before taxation	21	<b>(22,022,095)</b>	(6,811,946)	<b>(16,607,131)</b>	(3,965,817)
Taxation	22	<b>(32,387)</b>	(9)	<b>(32,387)</b>	-
Net loss for the year		<b>(22,054,482)</b>	(6,811,955)	<b>(16,639,518)</b>	(3,965,817)
Loss per share	23	<b>110.4 sen</b>	34.1 sen		

The accompanying notes form an integral part of the financial statements.

**Statements** OF CHANGES IN EQUITY for the Financial Year Ended 31 January 2002

<b>Group</b>	<b>Share capital RM</b>	<b>Exchange fluctuation reserve RM</b>	<b>Accumulated loss RM</b>	<b>Total RM</b>
Balance at 1 February 2000	19,980,000	(361,091)	(108,608,876)	(88,989,967)
Currency translation differences	-	322,448	-	322,448
Net loss for the year	-	-	(6,811,955)	(6,811,955)
<b>Balance at 31 January 2001</b>	<b>19,980,000</b>	<b>(38,643)</b>	<b>(115,420,831)</b>	<b>(95,479,474)</b>
Currency translation differences	-	(376)	-	(376)
Net loss for the year	-	-	(22,054,482)	(22,054,482)
<b>Balance at 31 January 2002</b>	<b>19,980,000</b>	<b>(39,019)</b>	<b>(137,475,313)</b>	<b>(117,534,332)</b>
<b>Company</b>				
Balance at 1 February 2000	19,980,000	-	(114,074,548)	(94,094,548)
Net loss for the year	-	-	(3,965,817)	(3,965,817)
<b>Balance at 31 January 2001</b>	<b>19,980,000</b>	<b>-</b>	<b>(118,040,365)</b>	<b>(98,060,365)</b>
Net loss for the year	-	-	(16,639,518)	(16,639,518)
<b>Balance at 31 January 2002</b>	<b>19,980,000</b>	<b>-</b>	<b>(134,679,883)</b>	<b>(114,699,883)</b>

The accompanying notes form an integral part of the financial statements.

**Cash** FLOW STATEMENTS for the Financial Year Ended 31 January 2002

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before taxation	<b>(22,022,095)</b>	(6,811,946)	<b>(16,607,131)</b>	(3,965,817)
<b>Adjustments for :-</b>				
Provision for diminution in value of investment	-	-	<b>6,252,474</b>	-
Depreciation	<b>351,391</b>	669,147	<b>345,467</b>	663,223
Gain on disposal of property, plant and equipment	<b>(3,047)</b>	(77,845)	<b>(3,047)</b>	(77,845)
Interest income	-	(3,888)	-	(3,888)
Interest expense	<b>10,515,876</b>	10,309,643	<b>10,515,876</b>	10,309,643
Provision for doubtful debts				
- current year	<b>6,008,352</b>	465,238	<b>6,008,352</b>	465,238
- no longer required	<b>(916,652)</b>	-	<b>(1,452,331)</b>	-
Amortisation of deferred expenditure	-	8,432	-	-
Development expenditure written off	-	111,246	-	-
Bad debts written off	-	-	<b>535,679</b>	-
Property, plant and equipment written off	-	32,945	-	32,944
Dividend income	<b>(593)</b>	(605)	<b>(523)</b>	(181,520)
Share of loss in associated companies	<b>1,967,413</b>	493,091	-	-
Share of profit in joint ventures	<b>(75,223)</b>	(2,275,430)	-	-
Waiver of debts from a subsidiary company	-	-	<b>(9,243,616)</b>	-
Operating (loss)/profit before working capital changes	<b>(4,174,578)</b>	2,920,028	<b>(3,648,800)</b>	7,241,978
<b>Changes in working capital :-</b>				
Contract amount due from customers	<b>(11,433,386)</b>	(4,325,902)	<b>(11,433,386)</b>	(4,325,902)
Receivables	<b>1,306,894</b>	(1,679,692)	<b>1,003,742</b>	(1,700,872)
Payables	<b>15,894,978</b>	(1,841,201)	<b>15,900,378</b>	(1,828,778)
Director	<b>(300,000)</b>	948,296	<b>(300,000)</b>	948,296
Subsidiary companies	-	-	<b>(11,715)</b>	28,368
Cash generated from/(used in) operating activities	<b>1,293,908</b>	(3,978,471)	<b>1,510,219</b>	363,090
Dividend received	<b>593</b>	146,499	<b>523</b>	146,423
Interest received	-	3,888	-	3,888
Interest paid	-	(980,166)	-	(980,166)
Net cash from/(used in) operating activities	<b>1,294,501</b>	(4,808,250)	<b>1,510,742</b>	(466,765)

**Cash** FLOW STATEMENTS for the Financial Year Ended 31 January 2002 (cont'd)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Repayment from/(Advance to) associated company	<b>468</b>	(50,792)	<b>468</b>	(50,792)
Capital refund from joint venture	<b>320,000</b>	138,827	<b>320,000</b>	138,827
Repayment (to)/from joint venture	<b>(78,148)</b>	169,693	<b>(78,148)</b>	169,693
Proceeds from share of profit in joint ventures	<b>212,000</b>	4,322,588	-	-
Proceeds from disposal of property, plant and equipment	<b>3,400</b>	89,800	<b>3,400</b>	89,800
Purchase of property, plant and equipment	<b>(1,206,807)</b>	(165,518)	<b>(1,206,807)</b>	(165,518)
Purchase of investments	<b>(4,830)</b>	-	<b>(2,415)</b>	-
Net cash (used in)/from investing activities	<b>(753,917)</b>	4,504,598	<b>(963,502)</b>	182,010
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of finance creditors	<b>(109,447)</b>	(71,195)	<b>(109,447)</b>	(71,195)
Repayment of revolving credit	<b>(1,317,151)</b>	(500,000)	<b>(1,317,151)</b>	(500,000)
Net cash used in financing activities	<b>(1,426,598)</b>	(571,195)	<b>(1,426,598)</b>	(571,195)
<b>CASH AND CASH EQUIVALENTS</b>				
Net decrease	<b>(886,014)</b>	(874,847)	<b>(879,358)</b>	(855,950)
Brought forward	<b>(17,515,136)</b>	(16,639,913)	<b>(17,524,665)</b>	(16,668,715)
Carried forward	<b>(18,401,150)</b>	(17,514,760)	<b>(18,404,023)</b>	(17,524,665)

**NOTES TO THE CASH FLOW STATEMENTS****Cash and cash equivalents**

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:-

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash and bank balances (included in this amount is RM596,673 (2001:RM576,673) which has been frozen by the bank)	616,197	603,430	616,324	593,525
Bank borrowing-overdraft	(19,020,347)	(18,118,190)	(19,020,347)	(18,118,190)
Cash and cash equivalents as previously reported	(18,401,150)	(17,514,760)	(18,404,023)	(17,524,665)
Effect of exchange rate changes	-	(376)	-	-
Cash and cash equivalents carried forward	(18,401,150)	(17,515,136)	(18,404,023)	(17,524,665)

The accompanying notes form an integral part of the financial statements.

**Notes** TO THE FINANCIAL STATEMENTS – 31 January 2002**1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

**2. GOING CONCERN**

As at 31 January 2002, the Group and the Company have capital deficiencies of RM117,534,332 and RM114,699,883 respectively and its total current liabilities exceeded its total current assets by RM135,277,675 and RM128,686,867 respectively.

The Group and the Company's financial statements have been prepared on a going concern basis. However, in view of the Company's financial position, the continuation of the Group and the Company as a going concern will be dependent on future profitable operations and of the support of shareholders, bankers and creditors. If these are not forthcoming, adjustments may have to be made to reduce the values of assets to their recoverable amounts, to provide for any further liabilities which may arise and to reclassify fixed and non-current assets and long term liabilities as current assets and current liabilities respectively.

**3. SIGNIFICANT ACCOUNTING POLICIES****(a) Accounting convention**

The financial statements of the Group and of the Company are prepared under the historical cost convention.

**(b) Basis of consolidation**

The consolidated financial statements incorporate the audited financial statements of the Company and its subsidiary companies made up to the end of the financial year, except for Jasatera Ventures (Australia) Pty Ltd which was consolidated based on unaudited management financial statements. The subsidiary companies are consolidated on acquisition method.

Under the acquisition method of accounting, the results of the subsidiary companies acquired are included into the consolidated financial statements from the date of acquisition.

At the date of acquisition, the fair value of the subsidiary companies' net assets are determined and reflected in the Group's financial statements. The excess of the consideration paid for the shares in the subsidiary companies over the fair value of the underlying net assets of the subsidiary companies acquired represents goodwill arising on consolidation. It is written off against retained profit in the year of acquisition.

All significant inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(c) Subsidiary companies**

A subsidiary company is a company in which the Group or the Company has a long term equity interest of more than 50 percent and where it exercises control by management participation through Board of Directors representation.

Investment in subsidiary companies is stated at cost unless, in the opinion of the Directors, there has been a permanent diminution in value, in which case, provision is made for the diminution in value.

**(d) Associated companies**

An associated company is a company in which the Group has a long term equity interest of between 20% to 50% and is in the position to exercise significant influence over its financial and operating policies through management participation.

The Group's share of profit or loss and taxation of associated companies is included in the consolidated income statement in place of dividend received based on unaudited management financial statements. In the consolidated balance sheet, the carrying value of associated companies reflect the Group's share of underlying net assets of the associated companies.

Investment in associated companies is stated at cost unless, in opinion of the Directors, there has been a permanent diminution in value, in which case, provision is made for diminution in value.

**(e) Foreign currency translation**

Foreign currency transactions have been translated into Malaysian Ringgit at the rates of exchange ruling on transaction dates. All foreign currency assets and liabilities outstanding at the balance sheet date are translated at the approximate exchange rates ruling at that date. Unrealised gains and losses arising from the translation of monetary assets and liabilities are dealt with in the income statement.

The financial statements of foreign subsidiary companies have been translated into Malaysian Ringgit at the rates of exchange ruling at the balance sheet date except for non-monetary items which are translated at historical rates, while income statement are translated at average rates for the year. Exchange differences arising from such translations are taken to exchange fluctuation reserve.

The rate of exchange of the foreign currencies applicable in the preparation of the financial statements was as follows :-

	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
1 Australian Dollar	<b>1.94</b>	<b>2.08</b>

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(f) Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation. Freehold land is not depreciated. Depreciation on property, plant and equipment is calculated to write off the cost of the property, plant and equipment on a straight line basis over the estimated useful lives of the assets concerned.

The principal annual rates used are as follows :-

Building	<b>2%</b>
Furnitures, fittings and electrical installations	<b>10%</b>
Computers, air-conditioners and office equipment	<b>10 – 20%</b>
Signboards	<b>10%</b>
Office renovation	<b>10%</b>
Motor vehicles	<b>20%</b>
Plant and machinery and site equipment	<b>10 – 20%</b>

**(g) Revenue recognition**

Construction contracts

Revenue and costs on fixed price contract jobs are recognised in the income statement on the percentage of completion method based on the total contract cost incurred to date over the estimated total contract costs of projects, in cases where the outcome of the contract can be reliably estimated.

Investment

Gross dividend are recognised as income to the income statement when the right to receive payment has been established.

**(h) Deferred taxation**

Deferred taxation is provided on the liability method for taxation which is deferred due to differences between the net book value of assets eligible for capital allowances and the tax written down value of these assets and on any other timing differences existing at year end except to the extent that it can be demonstrated with reasonable probability that the timing differences will continue in the foreseeable future.

Deferred tax benefit are recognised only when there is a reasonable expectation of realisation in the near future.

**(i) Investments**

Investments held on long term basis are stated at cost. No provision is made for diminution in value of investments when the diminution is considered to be temporary in nature by the Directors.

**Notes** TO THE FINANCIAL STATEMENTS - 31 January 2002 (cont'd)**(j) Hire purchase**

The cost of assets acquired under hire purchase arrangements is capitalised. The depreciation policy on these assets is similar to that of the Company's property, plant and equipment depreciation policy.

Outstanding obligation due under the hire purchase agreements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on hire purchase agreements are allocated to income statement over the period of the respective agreements.

**(k) Contract amount due from/to customers**

Contract amount due from/to customers represents contract cost incurred plus attributable profit less recognised loss and progress billings. When foreseeable losses on contract jobs are anticipated, full provision will be made for these losses.

Interest expenses attributed specifically to construction contracts are capitalised. Overheads that do not relate specifically to construction contracts are charged to income statement.

**(l) Receivables**

Known bad debts are written off and specific provisions are made for debts considered to be doubtful of collection.

**(m) Joint ventures**

Joint ventures represent contractual arrangements with third parties to undertake construction and other projects.

Interest in joint venture is recorded on the equity basis and the Group recognises its proportional share of profits in accordance with the joint venture agreement.

**(n) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, balances with bank, short-term demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

**4. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION**

The principal activities of the Company consist of the undertaking of contracts for general building and civil works.

The principal activities of the subsidiary companies, associated companies and joint ventures are disclosed in Note 8, 9 and 10 to the Financial Statements.

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Kuala Lumpur Stock Exchange. The registered office of the Company is located at 29, Jalan SS15/4E, 47500 Subang Jaya, Selangor Darul Ehsan.

**Notes** TO THE FINANCIAL STATEMENTS – 31 January 2002 (cont'd)**5. SHARE CAPITAL**

	<b>Group and Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
Authorised :-		
Ordinary shares of RM1 each	<b>25,000,000</b>	25,000,000
Issued and fully paid :-		
Ordinary shares of RM1 each	<b>19,980,000</b>	19,980,000

**6. HIRE PURCHASE CREDITORS**

	<b>Group and Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
Minimum payment		
- within 1 year	<b>19,396</b>	116,556
- after 1 year but not later than 5 years	-	19,396
	<b>19,396</b>	135,952
Interest-in-suspense	<b>(508)</b>	(7,617)
	<b>18,888</b>	128,335
Present value		
- within 1 year	<b>18,888</b>	109,157
- after 1 year but not later than 5 years	-	19,178
	<b>18,888</b>	128,335

The amount payable within 1 year has been included in other payables.

**7. PROPERTY, PLANT AND EQUIPMENT****Group**

	Freehold land and buildings RM	Office equipment, furniture and fittings, electrical installations, signboard and office renovation RM	Motor vehicles RM	Plant and machinery and site equipment RM	Total 2002 RM	Total 2001 RM
<b>Cost</b>						
At beginning of year	6,093,394	1,173,299	3,441,120	7,858,011	18,565,824	19,284,181
Additions	1,120,190	11,044	75,573	-	1,206,807	165,518
Disposals	-	(5,290)	-	-	(5,290)	(72,143)
Written off	-	-	-	-	-	(811,732)
At end of year	7,213,584	1,179,053	3,516,693	7,858,011	19,767,341	18,565,824
<b>Accumulated depreciation</b>						
At beginning of year	206,107	876,223	3,184,897	7,738,274	12,005,501	12,175,329
Charge for the year	27,501	78,328	187,942	57,620	351,391	669,147
Disposals	-	(4,937)	-	-	(4,937)	(60,188)
Written off	-	-	-	-	-	(778,787)
At end of year	233,608	949,614	3,372,839	7,795,894	12,351,955	12,005,501
<b>Net book value</b>						
<b>2002</b>	<b>6,979,976</b>	<b>229,439</b>	<b>143,854</b>	<b>62,117</b>	<b>7,415,386</b>	<b>-</b>
<b>2001</b>	<b>5,887,287</b>	<b>297,076</b>	<b>256,223</b>	<b>119,737</b>	<b>-</b>	<b>6,560,323</b>
<b>Depreciation charge for the year ended</b>						
31 January 2001	25,635	126,676	390,096	126,740	-	669,147

**Notes** TO THE FINANCIAL STATEMENTS – 31 January 2002 (cont'd)**7. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

Analysis of land and buildings :-

<b>Group</b>	<b>Freehold land RM</b>	<b>Freehold buildings RM</b>	<b>Total 2002 RM</b>	<b>Total 2001 RM</b>
<b>Cost</b>				
At beginning of year	4,811,702	1,281,692	6,093,394	6,093,394
Additions	–	1,120,190	1,120,190	–
At end of year	4,811,702	2,401,882	7,213,584	6,093,394

**Accumulated depreciation**

At beginning of year	–	206,107	206,107	180,472
Charge for the year	–	27,501	27,501	25,635
At end of year	–	233,608	233,608	206,107

**Net book value**

<b>2002</b>	<b>4,811,702</b>	<b>2,168,274</b>	<b>6,979,976</b>	<b>–</b>
<b>2001</b>	<b>4,811,702</b>	<b>1,075,585</b>	<b>–</b>	<b>5,887,287</b>
Depreciation charge for the year ended 31 January 2001	–	25,635	–	25,635

**Notes** TO THE FINANCIAL STATEMENTS - 31 January 2002 (cont'd)**7. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

<b>Company</b>	<b>Freehold land and buildings RM</b>	<b>Office equipment, furniture and fittings, electrical installations, signboard and office renovation RM</b>	<b>Motor vehicles RM</b>	<b>Plant and machinery and site equipment RM</b>	<b>Total 2002 RM</b>	<b>Total 2001 RM</b>
<b>Cost</b>						
At beginning of year	2,094,707	1,118,058	3,441,120	7,858,011	14,511,896	15,227,653
Additions	1,120,190	11,044	75,573	-	1,206,807	165,518
Disposals	-	(5,290)	-	-	(5,290)	(72,143)
Written off	-	-	-	-	-	(809,132)
At end of year	3,214,897	1,123,812	3,516,693	7,858,011	15,713,413	14,511,896
<b>Accumulated depreciation</b>						
At beginning of year	206,107	852,410	3,184,897	7,738,274	11,981,688	12,154,841
Charge for the year	27,501	72,404	187,942	57,620	345,467	663,223
Disposals	-	(4,937)	-	-	(4,937)	(60,188)
Written off	-	-	-	-	-	(776,188)
At end of year	233,608	919,877	3,372,839	7,795,894	12,322,218	11,981,688
<b>Net book value</b>						
<b>2002</b>	<b>2,981,289</b>	<b>203,935</b>	<b>143,854</b>	<b>62,117</b>	<b>3,391,195</b>	<b>-</b>
<b>2001</b>	<b>1,888,600</b>	<b>265,648</b>	<b>256,223</b>	<b>119,737</b>	<b>-</b>	<b>2,530,208</b>
<b>Depreciation charge for the year ended</b>						
31 January 2001	25,635	120,752	390,096	126,740	-	663,223

**Notes** TO THE FINANCIAL STATEMENTS – 31 January 2002 (cont'd)**7. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

Analysis of land and building :-

<b>Company</b>	<b>Freehold land RM</b>	<b>Freehold buildings RM</b>	<b>Total 2002 RM</b>	<b>Total 2001 RM</b>
<b>Cost</b>				
At beginning of year	813,015	1,281,692	2,094,707	2,094,707
Additions	–	1,120,190	1,120,190	–
At end of year	813,015	2,401,882	3,214,897	2,094,707

**Accumulated depreciation**

At beginning of year	–	206,107	206,107	180,472
Charge for the year	–	27,501	27,501	25,635
At end of year	–	233,608	233,608	206,107

**Net book value**

<b>2002</b>	<b>813,015</b>	<b>2,168,274</b>	<b>2,981,289</b>	–
2001	813,015	1,075,585	–	1,888,600

Depreciation charge for the year ended 31 January 2001

	–	25,635	–	25,635
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Included in motor vehicles of the Group and of the Company are assets under hire purchase with net book value amounted to RM9,521 (2001: RM123,778). The titles to certain properties with net book value amounted to RM2,186,502 (2001: RM1,068,179) have not been issued by the relevant authorities.

**8. INVESTMENT IN SUBSIDIARY COMPANIES**

	<b>Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
At cost		
Unquoted shares	<b>8,371,301</b>	8,371,301
Less: Provision for diminution in value	<b>(8,371,293)</b>	(2,118,819)
	<b>8</b>	6,252,482
<hr/>		
Amount due from subsidiary companies :-		
Jasatera Ventures Sdn Bhd	<b>42,647</b>	39,432
Jasatera-Chee Lim-Chai Mio Joint Ventures Sdn Bhd	<b>16,440</b>	15,440
Jasatera Properties Sdn Bhd	<b>18,183</b>	17,183
Acara Jaya Sdn Bhd	<b>1,290,484</b>	1,289,084
Masmeriah Sdn Bhd	<b>4,510,288</b>	4,508,489
Mastikas Jaya Sdn Bhd	<b>7,311,363</b>	7,310,163
Jasatera Equipment Sdn Bhd	<b>10,357</b>	9,457
Jasatera Ventures (Australia) Pty Ltd	-	535,678
	<b>13,199,762</b>	13,724,926
<hr/>		
Less: Provision for doubtful debts (Refer Note (b) below)		
Jasatera Ventures Sdn Bhd	<b>(47,023)</b>	(47,023)
Jasatera Properties Sdn Bhd	<b>(14,016)</b>	(14,016)
Acara Jaya Sdn Bhd	<b>(1,294,556)</b>	(1,294,556)
Mastikas Jaya Sdn Bhd	<b>(7,306,437)</b>	(7,306,437)
Jasatera Ventures (Australia) Pty Ltd	-	(535,679)
	<b>4,537,730</b>	4,527,215
<hr/>		
Amount due to a subsidiary company:-		
Pembangunan Sering Sdn Bhd	-	9,244,816
<hr/>		

- (a) The amounts due from/to subsidiary companies are unsecured, interest free and no scheme of repayment have been arranged.
- (b) On 31 March 1997, a Collaboration Agreement for the development of a piece of land in Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan for a total contract sum of RM30 million was executed by former Directors of the Company who were in office at that material time between Mastikas Jaya Sdn. Bhd. (wholly-owned subsidiary company of the Company) and two other parties.

**Notes** TO THE FINANCIAL STATEMENTS – 31 January 2002 (cont'd)**8. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)**

- (b) The subsidiary company deposited RM7.2 million with its lawyer, who then forwarded the same sum to the vendors' solicitor upon execution of the agreement. A cheque for an amount of RM2.2 million from the RM7.2 million was released to another company as commission. The said cheque was handed over by the lawyer to a former Director of the Company who was in office at that material time. No actual development had taken place and the agreement was terminated. Mastikas Jaya Sdn. Bhd. has initiated legal action to recover all sums paid and an additional RM3 million as provided in the Collaboration Agreement for liquidated damages. The defendants had denied giving any instruction for release of the said RM2.2 million commission to the company. Nonetheless, the subsidiary company had made a total provision of RM7.2 million as doubtful debt (Refer Note 30 (a) case 10)

Details of the subsidiary companies are as follows :-

Name of Company	Effective Place of Incorporation	Principal Activities	Equity Interest	
			2002 %	2001 %
Pembangunan Sering Sdn Bhd	Malaysia	Property development (Not active)	100	100
Jasatera Properties Sdn. Bhd.	Malaysia	Investment holding	100	100
Jasatera Equipment Sdn. Bhd.	Malaysia	Dormant	100	100
Jasatera Ventures Sdn. Bhd.	Malaysia	Investment holding	100	100
Jasatera Ventures (Australia) Pty Ltd.*#	Australia	Property development (Not active)	100	100
<b>Subsidiary company of Jasatera Ventures Sdn. Bhd.</b>				
Jasatera-Chee Lim-Chai Mio Joint Venture Sdn. Bhd.	Malaysia (Not active)	Contractor for general building and civil works	100	100
<b>Subsidiary companies of Jasatera Properties Sdn. Bhd.</b>				
Acara Jaya Sdn. Bhd.	Malaysia	Property development (Not active)	100	100
Masmeriah Sdn. Bhd.	Malaysia	Property development (Not active)	100	100
Mastikas Jaya Sdn. Bhd.	Malaysia	Property development (Not active)	100	100

\* Subsidiary company not audited by Shamsir Jasani Grant Thornton.

# Deregistered subsequent to the balance sheet date.

**9. INVESTMENT IN ASSOCIATED COMPANIES**

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>At cost</b>				
Unquoted shares	10,511,115	10,511,115	10,511,115	10,511,115
Less : Provision for diminution in value of unquoted shares	(299,999)	(299,999)	(299,999)	(299,999)
	10,211,116	10,211,116	10,211,116	10,211,116
Add: Group's share of post acquisition loss	(290,959)	1,822,454	-	-
Less: Dividends received	-	(146,000)	-	-
	9,920,157	11,887,570	10,211,116	10,211,116

Represented by :-

Share of net assets of associated companies	7,936,823	9,904,236
Premium on acquisition	1,983,334	1,983,334
	9,920,157	11,887,570

Amount due from an associated company:-

Gunung Nagasari Sdn. Bhd.	50,755,452	50,755,452	50,755,452	50,755,452
Less: Provision for doubtful debts	(50,755,452)	(50,755,452)	(50,755,452)	(50,755,452)
	-	-	-	-

Amount due to an associated company:-

Amdex Corporation Sdn Bhd	10,054,009	*10,053,541	10,054,009	*10,053,541
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\* (Refer Note 31)

- (a) The amounts due from/to associated companies are unsecured, interest free and no scheme of repayment have been arranged.
- (b) The provision for doubtful debt represents advances totalling RM45 million paid to an associated company under a Memorandum of Understanding and a Supplementary Memorandum of Understanding which the associated company had entered into on 20 December 1996 and 28 December 1996 with another company to form a joint venture for a proposed mixed development project for a State Government under its privatisation project. All rights and interest in the mixed development project were assigned to the Company and the sum of RM45 million was paid to the associated company as advance payment for the associated company's share of the actual profit. The project has not started

**Notes** TO THE FINANCIAL STATEMENTS - 31 January 2002 (cont'd)**9. INVESTMENT IN ASSOCIATED COMPANIES (cont'd)**

upon the expiry of the Memorandum of Understanding. Provision for doubtful debt has been made on the amount of RM45 million together with interest totalling RM50.8 million notwithstanding that the Company had made a claim against a third party guarantor for RM45 million in respect of the above. As the guarantor is currently under Section 176 protection, the Company cannot pursue the matter further. (Refer Note 30 case 2).

Details of the associated companies which are incorporated in Malaysia are as follows:-

Name of Company	Principal Activities	Effective equity Interest	
		2002 %	2001 %
Akar Jadi Sdn. Bhd.*	Under process of voluntary liquidation	50	50
Gunung Nagasari Sdn. Bhd. *	Property development (Not active)	30	30
Amdex Corporation Sdn. Bhd. *	Investment holding (Not active)	35	35

\* Not audited by Shamsir Jasani Grant Thornton

**10. INTEREST IN JOINT VENTURES**

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Interest at cost	-	320,000	-	320,000
Share of profit	-	136,777	-	-
	-	456,777	-	320,000
<b>Share of net assets of joint ventures</b>	<b>-</b>	<b>456,777</b>		

The share of the assets and liabilities of the joint ventures are as follows :-

	2002 RM	2001 RM
Property, plant and equipment	-	16
Current assets	-	748,331
Current liabilities	-	(291,570)
	-	456,777

**10. INTEREST IN JOINT VENTURES (cont'd)**

The amount due to joint ventures are unsecured, interest free and no scheme of repayment has been arranged.

Details of the joint ventures which are established in Malaysia are as follows :-

Name of Joint Venture	Principal Activities	Effective equity Interest	
		2002 %	2001 %
#Jasatera-Johnson-Sembawang Joint Venture	Construction works	40	40
*Konsortium Jasatera-Rahmat Merdeka	Dormant	70	-

# The Company still maintains an equity interest in the venture although capital invested has been fully refunded.

\* The joint venture agreement was executed on 7 February 2001, however, the Company has yet to inject capital into the entity.

**11. OTHER INVESTMENTS**

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>At cost</b>				
Quoted investments in Malaysia	94,230	89,400	61,415	59,000
Unquoted investments in Malaysia	337,500	337,500	337,500	337,500
	431,730	426,900	398,915	396,500
Less : Provision for diminution in value	(23,930)	(23,930)	(14,250)	(14,250)
	407,800	402,970	384,665	382,250
Market value of quoted investments	76,490	53,210	46,105	35,950

**Notes** TO THE FINANCIAL STATEMENTS - 31 January 2002 (cont'd)**12. CONTRACT AMOUNT DUE FROM CUSTOMERS**

	<b>Group and Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
Cost incurred to date	<b>26,540,454</b>	16,172,295
Add: Attributable profit	<b>1,926,004</b>	2,287,179
	<b>28,466,458</b>	18,459,474
Less : Progress billings	<b>(12,231,594)</b>	(13,657,996)
Amount due from customers	<b>16,234,864</b>	4,801,478

Contract costs include the following expenses incurred during the financial year :-

	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
Depreciation	<b>32,274</b>	38,979

**13. TRADE RECEIVABLES**

	<b>Group and Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
Retention sums	<b>5,272,992</b>	5,213,684
Progress claims and trade receivables	<b>8,955,444</b>	9,987,515
	<b>14,228,436</b>	15,201,199
Less : Provision for doubtful debts	<b>(8,782,592)</b>	(3,690,892)
	<b>5,445,844</b>	11,510,307

Included in the above is an amount of RM4,611,726 (2001: RM2,778,389) receivable from Perfect Eagle Holdings Sdn Bhd, a company in which certain Directors have interests.

**14. OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other receivables	<b>35,272,622</b>	35,642,217	<b>27,818,843</b>	27,885,286
Less : Provision for doubtful debts	<b>(35,194,600)</b>	(35,194,600)	<b>(27,706,797)</b>	(27,706,797)
	<b>78,022</b>	447,617	<b>112,046</b>	178,489

- (a) In November 1999, the Kuala Lumpur High Court ordered the defendant (Deepa Sdn. Bhd. and 1 other) to pay back RM7.2 million to a subsidiary company together with compensation and cost to be assessed. (refer note 8 (b) & note 30 (a) case 10).
- (b) On 1 December 1997, a purported Sale and Purchase Agreement was signed between the Company and a third party for the purchase of a piece of land in Beaufort, Sabah with an estimated value of RM82 million based on a preliminary valuation done by external valuers dated 16 April 1998. Total payments of RM27.65 million were made in respect of the purchase. The purported Sale and Purchase Agreement was later terminated by the previous Board of Directors via a purported Deed of Rescission and Revocation dated 3 July 1998. The land owner had delivered to the Company a title deed for the said land and a search at the Land Registry, Kota Kinabalu showed that the title given to the Company did not appear to match with all the particulars as recorded in the Land Registry. It appears that the Company may not be able to register the title to the property to its name. Nevertheless, the Company had lodged a caveat on the land with the Land Registry, Kota Kinabalu. A police report pertaining to this land has been lodged. A suit has been filed by the Company to claim back the said land and for damages and the hearing is fixed on 5 April 2002 (refer note 30 case 15).

Under the circumstances, a provision for doubtful debt have been made in respect of the advances of RM27.65 million included in other receivables.

**15. CASH AND BANK BALANCES****Group and Company**

Included in the above is amount of RM596,673 (2001:RM576,673) which has been frozen by the bank.

**Notes** TO THE FINANCIAL STATEMENTS – 31 January 2002 (cont'd)**16. TRADE PAYABLES****Group and Company**

Included in the trade payables is an amount of RM1,727,142 (2000:RM867,206) receivable from Perfect Eagle Holdings Sdn Bhd, a company in which certain Directors have interest.

**17. OTHER PAYABLES**

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Interest payable	<b>31,396,693</b>	23,077,446	<b>31,396,693</b>	23,077,446
Accruals for contract costs	<b>11,309,896</b>	2,116,335	<b>11,309,896</b>	2,116,335
Accruals for contract wages	<b>1,007,980</b>	581,835	<b>1,007,980</b>	581,835
Accruals for restructuring expenses	<b>1,025,955</b>	–	<b>1,025,955</b>	–
Perfect Eagle Holdings Sdn Bhd	<b>1,448,699</b>	–	<b>1,448,699</b>	–
Others	<b>623,146</b>	755,247	<b>227,107</b>	353,808
	<b>46,812,369</b>	26,530,863	<b>46,416,330</b>	26,129,424

**Group and Company**

The interest payable is relating to bank borrowings (refer note 19). This amount together with any future accrual of interests will be written back upon successful completion of the Debts Settlement Scheme (refer note 28 (a)).

**18. AMOUNT DUE TO A DIRECTOR****Group and Company**

The amount due to a Director, Mr Koo Yuen Kim, JP, is unsecured, interest free and no scheme of repayment has been arranged except for an amount of RM5,118,965 (2001: RM4,940,546) which bears interest at 9.55% (2001: 9.55%) per annum and repayable on demand. The original said interest bearing loan of RM5 million was given to the Company in December 1998.

**19. BANK BORROWINGS**

	<b>Group and Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
Unsecured :-		
Bank overdrafts	<b>19,020,347</b>	18,118,190
Revolving credits	<b>63,251,158</b>	64,568,309
	<b>82,271,505</b>	82,686,499

Certain bank borrowings of the Company were obtained by way of a negative pledge on the Company's assets.

Interest is charged at 2% to 3% (2001: 2% to 3%) per annum above the bank's base lending rate.

The Company is unable to meet its obligations on credit facilities granted. On 16 October 1999, Danaharta Managers Sdn. Bhd. (Danaharta), a wholly-owned subsidiary company of Pengurusan Danaharta Nasional Berhad has acquired all the rights, title and interest vested with one of the creditor bank for the overdrafts facilities. On 5 September 2001, a debts settlement scheme have been signed with all the creditor banks and Danaharta and the Company announced a proposed recapitalisation exercise on 19 November 2001. (refer note 28(a)).

**20. REVENUE**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Construction contract	<b>33,681,747</b>	18,005,650	<b>33,681,747</b>	18,005,650
Dividend income from quoted shares in Malaysia	<b>70</b>	85	-	-
	<b>33,681,817</b>	18,005,735	<b>33,681,747</b>	18,005,650

**Notes** TO THE FINANCIAL STATEMENTS – 31 January 2002 (cont'd)**21. LOSS BEFORE TAXATION**

Loss before taxation has been determined after charging/(crediting) amongst other items the following:-

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>After charging</b>				
Auditors' remuneration				
- current year	<b>29,200</b>	32,450	<b>25,000</b>	27,800
- overprovision in previous year	<b>(400)</b>	-	-	-
- others	<b>74,000</b>	6,000	<b>74,000</b>	6,000
Bad debts written off				
- subsidiary company	-	-	<b>535,679</b>	-
Provision for doubtful debts				
- no longer required	<b>(916,652)</b>	-	<b>(1,452,331)</b>	-
- current year	<b>6,008,352</b>	465,238	<b>6,008,352</b>	465,238
Depreciation	<b>351,391</b>	669,147	<b>345,467</b>	663,223
Development expenditure				
written off	-	111,246	-	-
Contract costs	<b>35,129,608</b>	15,757,903	<b>35,129,608</b>	15,757,903
Directors' remuneration				
- fee	<b>67,367</b>	99,400	<b>67,367</b>	99,400
- other emoluments	-	456,252	-	456,252
- contract wages	<b>394,848</b>	-	<b>394,848</b>	-
Rental of office Premises	<b>53,534</b>	94,272	<b>53,534</b>	94,272
Amortisation of deferred expenditure	-	8,432	-	-
Property, plant and equipment				
written off	-	32,945	-	32,944
Provision for diminution in value				
of investment				
- subsidiary company	-	-	<b>6,252,474</b>	-
Interest expenses				
- revolving credit	<b>8,319,246</b>	8,106,222	<b>8,319,246</b>	8,106,222
- overdraft	<b>1,711,102</b>	1,705,002	<b>1,711,102</b>	1,705,002
- hire purchase	<b>7,109</b>	50,124	<b>7,109</b>	50,124
- Director	<b>478,419</b>	448,295	<b>478,419</b>	448,295
Petty cash written off	<b>1,092</b>	-	<b>1,092</b>	-
<b>And crediting</b>				
Gain on disposal of property,				
plant and equipment	<b>3,047</b>	77,845	<b>3,047</b>	77,845
Gross dividend income from				
- quoted shares in Malaysia	<b>593</b>	520	<b>523</b>	520
- unquoted shares in Malaysia	-	-	-	181,000
Interest income	-	3,888	-	3,888
Rental income	<b>258,463</b>	-	<b>258,463</b>	-
Waiver of debts from a subsidiary				
company	-	-	<b>9,243,616</b>	-

**22. TAXATION**

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Provision for current year	-	9	-	-
Underprovision in prior year	<b>32,387</b>	-	<b>32,387</b>	-
	<b>32,387</b>	9	<b>32,387</b>	-

- (a) There is no provision for taxation for the current financial year as the Group and the Company have no chargeable income.
- (b) The Company's unutilised capital allowances and unabsorbed business losses which can be carried forward to offset against future taxable profit amounted to approximately RM1,459,000 (2001: RM1,306,000) and RM56,627,000 (2001: RM40,482,000) respectively.
- (c) The Group's unutilised capital allowances and unabsorbed business losses which can be carried forward to offset against future taxable profit amounted to approximately RM1,459,000 (2001: RM1,349,000) and RM56,640,000 (2001: RM40,442,000) respectively.
- (d) The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend for its future profit to the extent of RM37,296,000 (2001: RM37,296,000).
- (e) The above amounts are subject to the approval of the Inland Revenue Board of Malaysia.

The tax effects of timing differences that would give rise to net future tax benefits are generally recognised only where there is a reasonable expectation of realisation.

As at 31 January 2002, the estimate amount of deferred taxation benefits calculated at current tax rate, that have not been recognised in the financial statements are as follows:-

	Group and Company	
	2002 RM	2001 RM
Unutilised capital allowances	<b>409,000</b>	1,349,000
Unabsorbed tax losses	<b>15,856,000</b>	40,442,000
Other timing differences	<b>(45,000)</b>	(210,000)
Deferred tax assets	<b>16,220,000</b>	41,581,000

The potential of future tax benefits of the Group and of the Company are not provided for in the financial statements as it is anticipated that the tax effects of such benefits will not reverse in the foreseeable future.

**Notes** TO THE FINANCIAL STATEMENTS – 31 January 2002 (cont'd)**23. LOSS PER SHARE**

The loss per share for the financial year has been calculated based on the Group's loss after taxation of RM22,054,482 (2001: RM6,811,955) and the ordinary shares in issue during the financial year of 19,980,000 (2001: 19,980,000).

**24. EMPLOYEES INFORMATION**

	<b>Group and Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
Staff costs	<b>1,266,224</b>	1,737,281

The number of contract staffs of the Group and of the Company at the end of the financial year was 26 (2001: Nil).

The number of employees of the Group and of the Company at the end of the financial year was Nil (2001: 57).

**25. RELATED PARTY DISCLOSURES**

The significant transactions and balances of the Group and of the Company with the related parties were as follows:-

	<b>Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>

**RELATED COMPANY TRANSACTIONS**

Waiver of debt by a subsidiary company		
- Pembangunan Sering Sdn Bhd	<b>9,243,616</b>	-
Dividend received/receivable from associated companies		
- Amdex Corporation Sdn Bhd	-	56,000
- Akar Jadi Sdn Bhd	-	90,000
Accountancy fee received from associated company		
- Akar Jadi Sdn Bhd	-	6,000

**25. RELATED PARTY DISCLOSURES (cont'd)**

	<b>Group and Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
Advances from/(repayment to) a Director (refer note 18)		
- Koo Yuen Kim, JP	<b>(300,000)</b>	500,000
Interest payable on advances from a Director (refer note 18)		
- Koo Yuen Kim, JP	<b>478,419</b>	448,295
Transactions with Perfect Eagle Holdings Sdn. Bhd., a company in which the Directors, Koo Yuen Kim, JP and Dr. Koo Woon Kee Ir. Lim Ching Soon have interests		
- Advances received	<b>21,382,407</b>	13,894,425
- *Commission payable	<b>317,870</b>	326,388
- Progress billing received	<b>19,391,642</b>	13,657,996

\* This amount relates to a total sub-contract from Perfect Eagle Holdings Sdn Bhd which had already been declared in a Board meeting.

The Directors of the Company are of the opinion that the terms of transactions have been entered on a negotiated basis.

**RELATED COMPANY BALANCES**

The related company balances which arose from the above related companies transactions and remained outstanding as at the end of the financial year are disclosed in Note 8 and 9 to the financial statements.

**DIRECTORS' REMUNERATION**

Directors' fee paid in 2002	<b>67,367</b>	
- Koo Yuen Kim, JP		
- Mahamad Zaihan bin Zakaria		
- Tan Tien Kok		
- Dr. Koo Woon Kee		
- Ir. Lim Ching Soon		
- Ir. Leong Soon Kiong		
Directors' fee paid in 2001		99,400
- Dato' Dr. Mohamad Jaffar Mohd Ali, KMN, PJK		
- Koo Yuen Kim, JP		
- Tan Jyh Yaong		
- Mahamad Zaihan bin Zakaria		
- Dr. Koo Woon Kee		
- Ir. Lim Ching Soon		
- Ir. Leong Soon Kiong		
- Wong Chee Beng		

**Notes** TO THE FINANCIAL STATEMENTS – 31 January 2002 (cont'd)**25. RELATED PARTY DISCLOSURES (cont'd)**

	<b>Group and Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
<b>DIRECTORS' REMUNERATION</b>		
Directors' contract wages in 2002	<b>394,848</b>	
- Dr. Koo Woon Kee		
- Ir. Lim Ching Soon		
- Ir. Leong Soon Kiong		
Directors' remuneration paid in 2001		456,252
- Dato' Dr. Mohamad Jaffar Mohd Ali, KMN, PJK		
- Dr. Koo Woon Kee		
- Ir. Lim Ching Soon		
- Ir. Leong Soon Kiong		
- Wong Chee Beng		

**26. SEGMENTAL REPORTING – GROUP**

	<b>Revenue</b>		<b>Loss/(Profit)</b>		<b>Assets employed</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Construction	<b>33,681,747</b>	18,005,650	<b>20,038,802</b>	6,203,536	<b>26,255,260</b>	20,826,604
Property						
Development	-	-	<b>14,600</b>	108,813	<b>4,027,809</b>	4,040,685
Investment holding	<b>70</b>	85	<b>1,968,293</b>	489,240	<b>9,838,199</b>	11,803,181
Trading	-	-	<b>400</b>	10,357	<b>2</b>	2
	<b>33,681,817</b>	18,005,735	<b>22,022,095</b>	6,811,946	<b>40,121,270</b>	36,670,472

No segment information by geographical area has been presented as the Group operates predominantly in Malaysia.

**27. CONTINGENT LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unsecured:-				
Claim for alleged unfair dismissal of employment contract	-	-	-	128,685
Estimate tax penalty	<b>68,856</b>	-	-	-

**28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR****(a) Debts Settlement Scheme**

On 19 November 2001, the Company announced a Proposed Recapitalisation Exercise and the main features of the proposed scheme, among other things are as follows :-

- (i) Proposed reduction of the existing issued and paid-up share capital of RM19,980,000 comprising 19,980,000 ordinary shares of RM1.00 each to RM3,996,000 comprising 19,980,000 ordinary shares of RM0.20 each pursuant to Section 64 of the Companies Act, 1965 by the cancellation of RM0.80 of the par value of every existing ordinary share of RM1.00 each and thereafter consolidating every five (5) ordinary shares of RM0.20 each into one (1) ordinary shares of RM1.00 each ("Proposed Capital Reconstruction");
- (ii) Proposed increase in the authorised share capital from RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each to RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each;
- (iii) Proposed settlement of debts owing to the Financial Institution Creditors ("Lenders") amounting to RM91,473,585 ("Proposed Debts Settlement");
- (iv) Proposed renounceable rights issue of 23,976,000 new ordinary shares of RM1.00 each on the basis of six (6) new ordinary shares of RM1.00 each for every one (1) ordinary share held at an issue price of RM1.00 each after the Proposed Capital Reconstruction ("Proposed Rights Issue");
- (v) Proposed non-renounceable restricted offer for sale by the Lenders of 26,973,000 Irredeemable Convertible Preference Shares ("ICPS") of RM1.00 each issued pursuant to the Proposed Debts Settlement on the basis of twenty seven (27) ICPS for every four (4) ordinary shares of RM1.00 each held after the Proposed Capital Reconstruction;
- (vi) Proposed exemption to Koo Yuen Kim, JP, Dr. Koo Woon Kee and Parties Acting in Concert from the obligation to extent a Mandatory General Offer for the remaining ordinary shares of RM1.00 each and new ordinary shares of RM1.00 each arising from the conversion of the ICPS, not owned by them upon the completion of the Proposed Rights Issue and upon the conversion of their ICPS into ordinary shares of RM1.00 each;

**28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)****(a) Debts Settlement Scheme (cont'd)**

- (vii) Proposed special issue of up to 4,500,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share, to bumiputra investors approved by the Ministry of International Trade and Industry after the Proposals (i) to (vi) above (“Proposed Special Issue”);
- (viii) Proposed private placement of up to 12,500,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share after the Proposals (i) to (vii) above (“Proposed Private Placement”); and
- (ix) Listing of and quotation for the new ordinary shares of RM1.00 each issued pursuant to the Proposed Rights Issue, Proposed Special Issue, Proposed Private Placement and conversion of the ICPS on the Kuala Lumpur Stock Exchange.

On 5 March 2002, the Securities Commission (“SC”) rejected the Proposed Recapitalisation Exercise with the reason that the Company does not have sufficient contracts in hand, which are directly secured from parties that are not related with the Company and/or the substantial shareholders of the Company to ensure future profitability after the Proposed Recapitalisation Exercise.

The Board of Directors has deliberated on the decision of the SC on the Proposed Recapitalisation Exercise and will be appealing against the decision (Refer note 29 (c)).

- (b) On 7 February 2001, the Company entered into a Joint Venture Agreement with Rahmat Merdeka Sdn. Bhd., representing 70% proportion in all rights and obligations for the purpose of securing project for the Company. The Company has yet to inject capital in the joint venture.
- (c) The Directors of the Company discovered an error in the accounting entries made in the financial year ended 31 January 1997 in which a cheque of RM20 million that was received by the Company had been wrongly credited to offset against the amount due from Messrs Vincent Lim & Teoh (solicitor firm) instead of treating it as a repayment from the amount due from associated company, Gunung Nagasari Sdn. Bhd..

The amount due from Messrs Vincent Lim & Teoh arose from a payment of RM20 million to the said firm on 22 January 1997. The Directors discovered that the former Directors (Mr Ho Cheng Hong and Mr Tang Chee Wai) had authorised the said payment via telegraphic transfers to Messrs Vincent Lim & Teoh without any consideration to the Company. Upon enquiry, Mr Teoh Tek Siong, the former partner of Messrs Vincent Lim & Teoh stated that the former Managing Director of Jasatera Berhad (Mr Tan Seng Chai) had verbally instructed him to make the above payment to Mr See Chee Beaw (a former Director of Jasatera Berhad) and the purpose of the payment was not disclosed to him. He also mentioned that the investigation officer of the Securities Commission interviewed him in January 2001 and had already recorded a statement on the above matter.

On 22 February 2001, the Company demanded the refund of said sum from Mr See Chee Beaw who later via his lawyer, Messrs Ong Chin Beng & Rakan-Rakan, denied having received such sum from Messrs Vincent Lim & Teoh or at all. Legal suits have been filed on 30 January 2002 to recover the above RM20 million from Messrs Vincent Lim & Teoh and/or Mr See Chee Beaw. (Refer note 30 (a) case 17)

**28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)**

The outcome of the matter cannot be determined at present, therefore, no adjustment has been made in the financial statements.

- (d) On 18 January 2002, an application for voluntary winding up of an associated company, Akar Jadi Sdn Bhd has been submitted to Registrar of Companies.

**29. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

- (a) On 14 February 2002, the deregistration of Jasatera Ventures (Australia) Pty Ltd, a subsidiary company of the Company, has been approved by the Australian Securities and Investments Commission (ASIC). The ASIC will publish a notice of the proposed deregistration in the Australian Government Gazette and ASIC may deregister the company when two months have passed since the publication of this notice.
- (b) On 7 March 2002, Pembangunan Sering Sdn Bhd, a wholly owned subsidiary company of the Company received a writ of sumnon from Inland Revenue Board of Malaysia for recovery of RM2,065,691 being tax payable and penalties for the year of assessment 1998.

The subsidiary company is in the process of making an appeal to Inland Revenue Board of Malaysia.

- (c) On 4 April 2002, the Company submitted an additional proposal/appeal on the Initial Proposed Recapitalisation Exercise to the SC (refer note 28 (a)) ("Revised Proposed Recapitalisation Exercise").

The additional proposal entails the proposed acquisition of the entire equity interest in Perfect Eagle Holdings Sdn. Bhd. ("PEHSB") comprising 2,000,000 ordinary shares of RM1.00 each in PEHSB ("PEHSB Shares") for a total consideration of RM2,066,336 from Koo Yuen Kim, JP, Dr. Koo Woon Kee and Ir. Lim Ching Soon ("Vendors") vide a sale and purchase agreement ("Agreement") entered into between the Company and the Vendors on an eventdate ("Proposed Acquisition"). The purchase price for the Proposed Acquisition will be satisfied by the issuance of 2,066,336 new ordinary shares of RM1.00 each in Jasatera Berhad. OSK Securities Berhad was appointed as independent adviser to the Company on 4 April 2002 as required by the KLSE Listing Requirements pertaining to the above proposed acquisition.

Furthermore, as PEHSB and the Company are managed and controlled by common major shareholders and directors, namely Koo Yuen Kim, JP and Dr. Koo Woon Kee, they will voluntarily provide a profit guarantee of up to 90% of the forecast and projected profit after tax and preference share dividends of Jasatera Group in respect of the Irredeemable Convertible Preference Shares ("ICPS") to be issued pursuant to the Proposed Debts Settlement ("Preference Share Dividends") for the next 3 financial years ending 31 January 2005 ("Profit Guarantee"). The Profit Guarantee is to provide an additional comfort as to PEHSB's and the Company's abilities in securing and completing the contracts and meeting the profits as stated in the forecast and projections.

**Notes** TO THE FINANCIAL STATEMENTS – 31 January 2002 (cont'd)**29. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (cont'd)**

The Initial Proposed Recapitalisation Exercise, and the Proposed Acquisition are collectively referred to as the Revised Proposed Recapitalisation Exercise.

Save for the Proposed Acquisition and the Profit Guarantee, the Initial Proposed Recapitalisation Exercise remains unchanged.

On 11 April 2002, the company had received extension of time up to 21 June 2002 from KLSE to enable the Company to obtain all approvals necessary for the implementation of the Revised Proposed Recapitalisation Exercise.

**30. MATERIAL LITIGATION****(a) Outstanding Legal Suits**

The following are legal suits still outstanding as at 31 January 2002:-

	<b>Plaintiff(s)</b>	<b>Defendant (s)</b>	<b>Suit No:</b>
1.	Jasatera Berhad	Pembinaan YCS Berhad	Kuala Lumpur High Court D4-24-395-98
2.	Pembinaan YCS Berhad	Jasatera Berhad	Kuala Lumpur High Court D4-22-1523-98
3.	Perwira Affin Bank Berhad	Jasatera Berhad	Shah Alam High Court MT3-22-1201-98
3. (a)	Jasatera Berhad	Perwira Affin Bank Berhad Tan Seng Chai Tang Chee Wai Ho Cheng Hong	Shah Alam High Court (counter claim) MT3-22-1201-98
4.	Dato' Dr. Mohamad Jaffar Mohd Ali , KMN, PJK Datuk Yeop Adlan bin Che Rose	Jasatera Berhad Koo Yuen Kim, JP Dr. Koo Woon Kee Ir. Lim Ching Soon Tan Jyh Yaong Wong Chee Beng	Shah Alam High Court Civil Suit MT3-22-438-99
4. (a)	Jasatera Berhad	Dato' Dr. Mohamad Jaffar Mohd Ali , KMN, PJK Datuk Yeop Adlan bin Che Rose Chong Fook Sin	Shah Alam High Court Civil Suit (counter claim) MT3-22-438-99
5.	Dato' Dr. Mohamad Jaffar Mohd Ali , KMN, PJK Datuk Yeop Adlan bin Che Rose	Influx Advance Sdn Bhd Su Bee Leng Ir. Leong Soon Kiong Low Teong Seng Chu Chee Choon Lee Kwong Yong Ng Jun Wey	Shah Alam High Court MT1-22-826-99

**30. MATERIAL LITIGATION (cont'd)****(a) Outstanding Legal Suits (cont'd)**

	<b>Plaintiff(s)</b>	<b>Defendant (s)</b>	<b>Suit No:</b>
6.	Chong Fook Sin	Influx Advance Sdn Bhd Su Bee Leng Koo Yuen Kim, JP Dr. Koo Woon Kee Wong Chee Beng Ir. Lim Ching Soon Ir. Leong Soon Kiong Low Teong Seng Chu Chee Choon Lee Kwong Yong Ng Jun Wey	Shah Alam High Court MT1-22-824-99
7.	Jasatera Berhad	Lee Chen Chong @ Le Ching Tai	Kuala Lumpur High Court S/No. D6-22-689-2000
8.	Pintaras Geotechnics Sdn Bhd	Jasatera Berhad	Shah Alam High Court Civil Suit MT2-22-421-99
9.	Jasatera Berhad	Zaitun Industries Sdn Bhd	Kuala Lumpur Sessions Court Summon 9-52-17689-99
10.	Mastikas Jaya Sdn Bhd (100% subsidiary of Jasatera Berhad) (Refer Note 8 (b))	Deepa Sdn Bhd & 1 other	Kuala Lumpur High Court D4-314-98
11.	Jasatera Berhad	Sterling Vista Sdn Bhd	Kuala Terengganu High Court 22-54-99
12.	Jasatera Berhad	Tan Jee Wooi	Kuala Lumpur Industrial Court 2/4-408-99
12. (a)	Tan Jee Wooi	Jasatera Berhad	Kuala Lumpur Industrial Court 2/4-408-99
13.	Terus Maju Industrial Hardware Sdn Bhd	Jasatera Berhad	Kuala Lumpur Magistrate's Court 72-4155-2000
13.(a)	Jasatera Berhad	Terus Maju Industrial Hardware Sdn Bhd	Kuala Lumpur Magistrate's Court 72-4155-2000
14.	Chuan Huat Industrial Marketing Sdn Bhd	Jasatera Berhad	Kuala Lumpur High Court D1-22-1511-2000

**Notes** TO THE FINANCIAL STATEMENTS - 31 January 2002 (cont'd)**30. MATERIAL LITIGATION (cont'd)****(a) Outstanding Legal Suits (cont'd)**

	<b>Plaintiff(s)</b>	<b>Defendant (s)</b>	<b>Suit No:</b>
15.	Jasatera Berhad	Terbit Elit Sdn Bhd Tan Seng Chai Ong Kee Chak Ho Cheng Hong Tang Chee Wai Foo Chee Choon Choo Hui Teck Tan Seng Chong	Shah Alam High Court MT2-22-227A-2000
16.	Kerajaan Malaysia (Lembaga Hasil Dalam Negeri)	Pembangunan Sering Sdn. Bhd.	Shah Alam High Court 21-142-2001
17.	Jasatera Berhad	See Chee Beaw Ho Cheng Hong Tong Chee Wai Tri-Align Holdings Sdn Bhd Lim Kuo Phau, Vincent Teoh Tek Siong	Kuala Lumpur High Court D-22-144-2002

**Case 1**

Kindly refer to Note 9(b).

**Case 2**

The Company had issued to Pembinaan YCS Bhd ("YCS") a letter of demand dated 13 April 1998 demanding for the payment RM45 million from YCS pursuant to 2 letters of guarantee. Upon YCS's failure to pay the said amount, the Company issued a Notice under section 218 of the Companies Act 1965 ("S218 Notice") on 30 April 1998. Subsequently, the abovementioned suit was filed in the Kuala Lumpur High Court by YCS for declaratory orders that, *inter alia*, the Company's S218 Notice is wrong in law and there is a *bona fide* dispute on the amount claimed. YCS obtained an ex-parte injunction dated 21 May 1998 to restrain The Company from presenting any winding-up petition under the Companies Act, 1965. The inter parties hearing dated 4 June 1998 has now been fixed on 18 July 2002. The restraining order under S176 has been extended to 21 June 2002. The Company's solicitor, Messrs Lee Hishamuddin is of the opinion that this case has a good chance of success in the outcome of the litigation.

**Case 3**

Perwira Affin Bank Berhad (PABB) is claiming approximately RM56.4 million with interests and costs being repayment of loan granted. The Company is counter-claiming against PABB and 3 other persons who were directors of the Company for, *inter alia*, fraud and breach of fiduciary duty. The case is kept in abeyance pending the outcome of the Company's debt settlement scheme which is currently in progress.

**30. MATERIAL LITIGATION (cont'd)****Case 3 (a)**

In turn, the Company is counter claiming from the defendants in case 3 above and some former Directors of the Company for the recovery of the same amount which was given as a loan to the Company for a project which did not materialise and that the loan was allowed to be drawdown in an irregular manner.

**Case 4 & 4 (a)**

Dato' Dr. Mohamad Jaffar Mohd Ali and Datuk Yeop Adlan Che Rose ("the Plaintiffs") initiated a suit against the Company and the other Directors of the Company to restore 2 Directors whose positions were vacated and to exclude the Directors who was appointed to the Board in an Emergency Board meeting held on 30 December 1998. The Plaintiffs failed to obtain an interim injunction from the High Court, but on appeal to the Court of Appeal, was granted an order whereby the effects of the resolutions were withheld pending the full trial of the matter. The 2 former Directors were therefore reinstated and the new Director's position was vacated. In October 2000, the Plaintiffs applied for the case to be transferred and heard in a different court. The said transfer was allowed on 29 August 2001.

In the interim, Dato' Dr. Mohamad Jaffar Mohd Ali, had written to the Company's bankers and claimed that the bank accounts of the Company was not operated in accordance with the Court of Appeal's order and therefore should be frozen. An application was made by one of the Company's banks to the High Court to intervene and interpret the Court of Appeal's order. The decision of the bank's application was deferred due to the transfer of the aforementioned matter to another court. However, as a result of

the recent demise of one of the plaintiffs, Dato' Dr. Mohamad Jaffar Mohd Ali, the court has adjourned all matters to January 2002, pending the estate of Dato' Dr. Mohamad Jaffar Mohd Ali to provide further instructions to their solicitors. The case is now adjourned to 23 May 2002 for hearing of the banker's application for the interpretation of the Court of Appeal Order. The wife of Dato' Dr. Mohamad Jaffar has replaced him to continue with the action.

The solicitors for the Company are in the opinion that there is no financial liability on the aforesaid cases except for costs in the event the Company's suit is unsuccessful. However, they are also of the opinion that the Company has a good chance of success on the same.

**Case 5 & 6**

The two aforementioned matters have been consolidated and whereby Dato' Dr. Mohamad Jaffar Mohd Ali, Datuk Yeop Adlan Che Rose and Chong Fook Sin ("the Plaintiffs") had initiated the suits for an injunction to stop an EGM from being held on 27 August 1998. The Plaintiffs subsequently applied for an interim injunction. A partial order was granted in which the EGM was allowed to be held but with 5 out of 8 resolutions to be tabled thereat being rejected. The remaining 3 resolutions were then duly passed. An application was latter made by the Plaintiffs to amend the pleadings in order to stop the implementation of resolutions passed in the Company's AGM in the year 2000 and for trial to reinstate Dato' Dr. Mohamad Jaffar Mohd Ali as Chairman of the Company. The amendments were allowed in which the Company filed an appeal to the Judge in Chambers. The hearing for the appeal is pending but the date has yet to be fixed in view of Dato' Dr. Mohamad Jaffar Mohd Ali's recent demise. No hearing date has been fixed to date by the Shah Alam High Court.

**30. MATERIAL LITIGATION (cont'd)****Case 5 & 6 (cont'd)**

The Company's solicitor, Messrs C.Y. Ngeow & Associates is of the opinion that a new pleading on the issue of Jasatera's Annual General Meeting ("AGM") held in year 2000 is completely unconnected to the issue of this case when it was filed in 1998 and therefore the chances in this appeal is fairly good.

**Case 7**

Mr. Lee Chen Chong @ Le Ching Tai, a Director of the Company in 1999 was not re-elected at the Company's Annual General Meeting ("AGM") held on 24 December 1999.

The ex-Chairman, Dato' Dr. Mohamad Jaffar Mohd Ali, KMN, PJK, issued a notice dated 3 April 2000 to convene a board meeting which was sent to Mr. Chong Fook Sin (who had already been removed as a Director at an EGM held on 27 August 1999) and to Mr. Lee Chen Chong @ Le Ching Tai (who was not re-elected as a Director at the AGM held on 24 December 1999).

The majority of the Board members objected strongly that notice were sent to Mr. Chong Fook Sin and Mr. Lee Chen Chong @ Le Ching Tai in their capacity as directors despite that they were no longer Directors of the Company.

As a consequence, the Company initiated an application for an injunction against Mr. Lee Chen Chong @ Le Ching Tai to prevent him from further acting as a director and to attend any board meeting of the Company.

This case was transferred to the Shah Alam High Court and no hearing date has been fixed to date. The Company's solicitor, Messrs C.Y. Ngeow & Associates is of the opinion that the outcome of this case will be influenced by the outcome of Case 5 & 6 above.

**Case 8**

Pintaras Geotechnics Sdn Bhd sued the Company to recover RM709,110 which they claimed is due to them. The Company had made a counter claim against the plaintiff for RM422,028. Pintaras Geotechnics Sdn Bhd was unable to obtain a summary judgement. The case is awaiting full trial but the Company's solicitor, Messrs C.H. Yeoh & Yiew is of the opinion that it is too early to determine the final outcome of this case. The amount claimed has been properly accrued for.

**Case 9**

The Company served a civil suit writ through the Kuala Lumpur Session Court (Summon No. 52-1769-1999) on Zaitun Industries Sdn Bhd for a claim of RM183,323 being amount due to the Company.

Judgment against Zaitun Industries Sdn Bhd for RM183,323 with interest and cost has been obtained on 22 March 2001.

Zaitun Industries Sdn Bhd filed an appeal to Mahkamah Tinggi Rayuan vide Civil Appeal No. R2-12-137-01 but on 26 September 2001, the defendant's appeal against the session court decision on 22 March 2001 was dismissed with costs.

**30. MATERIAL LITIGATION (cont'd)****Case 10**

Mastikas Jaya Sdn Bhd ("Mastikas"), a wholly owned subsidiary of the Company, had filed a claim in the Kuala Lumpur High Court to recover monies paid to Deepa Sdn Bhd and Awan Kemboja Sdn Bhd ("the Defendants") amounting to RM7.2 million and for liquidated damages in respect of breach of a Collaboration Agreement on the development of a piece of land owned by the Defendants. The courts struck out the Defendant's defence and judgement for RM7.2 million was entered into against Awan Kemboja Sdn Bhd and damages to be paid by the Defendants are to be assessed. Mastikas is currently finalizing the application for the assessment of damages and winding-up proceedings have been initiated to enforce the judgement against Awan Kemboja Sdn Bhd. The Company's solicitor, Messrs Lee Hishamuddin is of the opinion that this case has a good chance of success in the outcome of litigation.

**Case 11**

The Company is seeking a refund of RM300,000 with interest and costs being payment made to Sterling Vista Sdn Bhd ("Sterling") to secure the developments rights to a project known as International Vehicular Industrial Park in Kuala Trengganu which did not materialize. Judgement was entered against Sterling on 25 November 2000 for the aforesaid sum with interest and cost. The Defendant has filed a Notice of Appeal to Judge in Chambers and the same was dismissed with costs on 15 July 2001. The Defendant has now filed an appeal to the Court of Appeal. The Company has instructed their lawyers to initiate winding up proceedings against Sterling and so far no hearing date has been fixed yet for the winding-up petition. The Company's solicitor, Messrs C.H. Yeoh & Yiew is of the opinion that it is too early to determine the outcome of the appeal.

**Case 12**

Mr Tan Jee Wooi was the Administration Manager of the Company who resigned on 23 August 1997. Subsequently, he lodged a complaint to the Labour Office stating that he was wrongfully terminated by the Company and was seeking for constructive dismissal. The case has gone to the Industrial Court. The last court hearing was on 9 & 10 March 2001 and the next hearing has not been fixed yet.

**Case 12 (a)**

Tan Jee Wooi, the former Administration Manager of the Company is seeking reinstatement and/or compensation in lieu thereof for unfair dismissal. His last claimed salary was RM4,900 a month and was paid RM1,315 gratuity on his alleged resignation on 23 August 1997. The matter is fixed for hearing on the 9 and 10 March 2002 but was settled amicably with the Company paying him RM6,000.00 as full and final settlement.

**30. MATERIAL LITIGATION (cont'd)****Case 13 & 13 (a)**

Terus Maju Industrial Hardware Sdn Bhd is a supplier to the Company. There were some past transactions, which were irregular and under investigation by the Company. Terus Maju Industrial Hardware had sued the Company for amount outstanding.

On 13 September 2001, a judgement has been entered against Jasatera Berhad for RM13,396.00. The plaintiff's solicitors has filed a Notice of Application to amend their statement of Claim and Notice of Application for summary judgement to include a claim for further interests. The matter was fixed for mention on 29 November 2001 but the court has postponed it to 9 January 2002.

On 21 February 2002, the court has fixed for appointment on 10 May 2002.

The plaintiff's application was allowed and the Company appealed against the above decision and the case was fixed for hearing on 10 May 2002. In that hearing the Court order both Appellant and Respondent to put in written submission and fixed 28 August 2002 for decision. The Company's solicitor, Messrs C.H. Yeoh & Yiew is of the opinion that there is an equal chance in the outcome of this appeal.

**Case 14**

Chuan Huat Industrial Marketing Sdn Bhd sued the Company for supplies delivered for the sum of RM215,317.16.

On 16 November 2001, the court dismissed the plaintiff's application with costs. However, in December 2001, both parties settled amicably with the Company agreeing to pay a sum of RM107,658.58. An amount of RM60,000.00 had already been paid to date.

**Case 15**

In 1999 a suit was filed by the Company against Terbit Elit Sdn Bhd and 7 individuals, 4 of whom were Directors of the Company for a declaration that the piece of land in Beaufort, Sabah, is held by Terbit Elit Sdn Bhd as trustee for the Company. This piece of land was purportedly sold to the Company by Terbit Elit Sdn Bhd where RM27.65 million had been paid by the Company in 1997 but the title has yet to be transferred. There is a claim by the Company for RM25 million as damages for fraud and breach of fiduciary duty against all the defendants with interest and costs. Hearing has been fixed on 8 October 2002. The Company's solicitor, Messrs Lee Hishamuddin is of the opinion that this case has a good chance of success in the outcome of litigation.

**Case 16**

A writ of Summons was served on the Company's wholly-owned subsidiary, Pembangunan Sering Sdn Bhd ("PSSB") on 7 March 2002 for the recovery of RM2,065,690.84 being tax payable and penalties for the year of assessment 1998. PSSB contested that the profit arising from the sale of its property should have been assessed as real property gains tax instead of income tax. In addition to the dispute on the tax basis, the amount of tax payable should also be reduced by an amount of RM162,588.00 being the second instalment paid on 30 September 1998 which have not been taken into consideration by the Inland Revenue Board ("IRB"). PSSB is in the process of making an appeal to the IRB on these two matters. The Directors of the Company are of the opinion that they have a good basis for the appeal to the IRB.

**30. MATERIAL LITIGATION (cont'd)****Case 17**

The Company has initiated a suit against the following defendants for recovery of RM20 million:-

1. See Chee Beaw
2. Ho Cheng Hong
3. Tang Chee Wai
4. Tri-Align Holdings Sdn Bhd
5. Lim Kuo Phau, Vincent
6. Teoh Tek Siong

(Defendants 5 & 6 formerly practised under the legal firm of Messrs Vincent Lim & Teoh).

The former directors of the Company, namely Mr. Tang Chee Wai and Mr. Ho Cheng Hong had authorised a payment of RM20 million by telegraphic transfer to Messrs. Vincent Lim & Teoh's client account at Hock Hua Bank on 22 January 1997 from the Company's bank account. Thereafter, Messrs Vincent Lim & Teoh had issued four (4) Hock Hua Bank cashiers order of RM20 million to the 1<sup>st</sup> Defendant without the explicit instructions and/or a Board resolution of the Company authorising the said payment. The Company had on numerous occasions requested for a satisfactory explanation from the 1<sup>st</sup> Defendant who had failed and/or neglected to justify the receipt of the said sum and made demands for the return of the said sum from the 1<sup>st</sup> Defendant but had not been successful so far. All defendants have been served with the writ and statement of claim. Pleading has not been closed because defendant 2 & 3 were served late but still within time to file their defence. The 1<sup>st</sup> Defendant filed his defence on 12 April 2002. The Company's solicitor, Messrs C.Y. Ngeow & Associates is of the opinion that it is too early to determine the outcome of this case.

**(b) Directors' legal suit**

An Emergency Board Meeting held on 31 December 1998 (with prior notices given to all Directors and a quorum present) was convened to discuss the offer made by Perwira Affin Bank Berhad on the debt settlement scheme among other things. At the same meeting, it was resolved by the Directors present that in accordance with Article 91 (g) of the Articles of Association of the Company, the office of Y. Bhg Datuk Yeop Adlan bin Che Rose and Mr Tan Seng Chai be vacated and in accordance with Article 87, the appointment of Mr Wong Chee Beng as additional Director be effected. Some of the Directors did not attend the said meeting. After a lapse of four months period, they filed a suit (No. MT3-22-438-99) on 27 April 1999 challenging some of the resolutions passed during the said meeting on 31 December 1998 and they applied for an interim injunction against the Company and its Directors to restrain the implementation of some of the resolutions in the said meeting :-

**Notes** TO THE FINANCIAL STATEMENTS – 31 January 2002 (cont'd)**30. MATERIAL LITIGATION (cont'd)****(b) Directors' legal suit (cont'd)**

Plaintiffs	Defendants
1. Dato' Dr. Mohamad Jaffar Mohd Ali, KMN, PJK – Chairman	1. Jasatera Berhad
2. Datuk Yeop Adlan Bin Che Rose	2. Koo Yuen Kim, JP – Vice Chairman 3. Dr. Koo Woon Kee – Managing Director 4. Ir. Lim Ching Soon – Executive Director 5. Tan Jyh Yaong – Non-Executive Director 6. Wong Chee Beng – Executive Director

The Shah Alam High Court dismissed the application with costs. On appeal, the Court of Appeal (No. B-02-890-99) on 25 January 2000, has restrained the implementation of the Board resolutions passed on 31 December 1998 pending an early hearing of the case.

In March 2000, the ex-chairman Y. Bhg Dato' Dr. Mohamad Jaffar Mohd Ali, KMN, PJK wrote a letter to all the company's bankers together with a copy of the Court of Appeal Order (No. B-02-890-99).

The ex-chairman on his own interpretation claimed that the signatories for the company's bank accounts are invalid due to the court of appeal order, demanded that the company's bank accounts be frozen. As a consequence, two of the bankers frozen the Company's current accounts and they remain frozen to date. The Company strongly protested the freezing of the bank accounts.

One of the bankers, Public Bank Berhad had filed an intervener application to the court of appeal for further clarification of its order but was directed to refile their application in the High Court Shah Alam for clarification. Both parties have filed their papers and the case was fully heard in the High Court Shah Alam pending decision but the decision was put on hold due to the application by the ex-chairman to the chief judge to transfer the case to another judge. No decision was made by the chief judge on this issue of transfer until to date.

**(c) Irregular Payments**

- (i) Included in construction costs for projects which have been completed in the previous financial years are payments for purchases of project materials based on invoices and documents, some of which appears to be irregular. A police report pertaining to the above had been lodged in 1998.
- (ii) On 10 October 1997, a Company's cheque for a sum of RM1,500,000 was approved by a Director who is in office and paid to a legal firm for an unknown purpose. There was no written explanation in the payment voucher for this transaction. The current Managing Director had written two letters to the said Director and the said legal firm for clarification.

**30. MATERIAL LITIGATION (cont'd)****(c) Irregular Payments (cont'd)**

In February 2000, the Managing Director instructed the Company's solicitor to demand detail particulars from the legal firm who received the said sum of RM1.5 million.

In March 2000, the following reply was received from said legal firm, addressed to the Company's solicitor:-

"Please be informed that in the month of September 1997, we were acting as solicitors for a client in a transaction with a company ("the Company") connected to your client's then Managing Director, Mr Tan Seng Chai. Certain payments were to have been made to our client pursuant to this transaction and on 10 October 1997, we received the cheque for RM1,500,000 (SBB 056633) made in our favour without any covering letter or voucher. Our Mr Koh then received a call from your then Executive Director and a signatory of the cheque, Mr Ho Cheng Hong who informed our Mr Koh that the cheque was a payment made by Mr Tan Seng Chai on behalf of the Company to our client as part payment of sum due to our client. This was subsequently confirmed by the solicitors who acted for the Company.

Based on the aforesaid confirmations, we then released the said sum of RM1,500,000 to our client on 14 October 1997."

The Company is of the view that its funds should not be used to pay for personal transactions of the Directors. The Company is currently pursuing the matter through the Company's solicitor.

**31. COMPARATIVE INFORMATION**

Certain comparative figures in the financial statements have been reclassified to conform with current year presentation.

The following comparative figures in the balance sheets have been reclassified:-

	<b>As reclassified RM</b>	<b>As previously reported RM</b>
Amount due from an associated company	-	56,049
Amount due to an associated company	(10,053,541)	(10,109,590)

The above has been reclassified in order to net off the amount due from and amount due to the same associated company.

**List** OF PROPERTIES as at 31 January 2002

<b>Location</b>	<b>Description And Existing Use</b>	<b>Tenure</b>	<b>Land Area (sq. ft)</b>	<b>Built-up Area (sq. ft)</b>	<b>Approximate Age of the Building</b>	<b>Net Book Value</b>
MALAYSIA						
Awana Condominium (Apartment No. M4525) 8th Mile Genting Highlands 69000 Genting Highlands Pahang	Apartment	Freehold	-	1,364	14 years	255,164
Lot No. IL000007 PT7439 HS (D) 8286 Mukim of Serendah Daerah Ulu Selangor Selangor	Industrial land	Freehold	92,388	-	Not Applicable	813,015
3 Storey Shophouse at 29 Jalan SS 15/4E Subang Jaya Petaling Jaya Selangor	Office use	Freehold	1,760	5,280	19 years	794,787
*Geran No 8114, Lot 634 Mukim of Cheng District of Melaka Tengah Melaka	Undeveloped land	Freehold	759,251	-	Not Applicable	3,998,687
4 1/2 Storey Shop Apartment at 137 & 137M, Jalan SBC 1 Taman Sri Batu Cave 68100 Batu Caves Selangor	-	Freehold	-	2,320	2 years	596,439
3 1/2 Storey Shop Apartment at 140 & 140M, Jalan SBC 3 Taman Sri Batu Cave 68100 Batu Caves Selangor	-	Freehold	-	2,320	2 years	521,884

\* Held under Masmeriah Sdn Bhd, a 100% owned subsidiary company.

**Analysis** OF SHAREHOLDINGS as at 17 May 2002**ANALYSIS OF SHAREHOLDING as at 17 May 2002**

(As per the Register of Members)

Authorised Share Capital	:	<b>RM25,000,000</b>
Issued and Fully Paid Up	:	<b>RM19,980,000</b>
Class of Shares	:	<b>Ordinary shares of RM1 each</b>
No. of Shareholders	:	<b>1,690</b>
Voting Rights	:	<b>1 vote per ordinary share</b>

**DISTRIBUTION OF SHAREHOLDING as at 17 May 2002**

Category	No. of Holders		No. of Share		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 1,000	9	–	1,020	–	0.01	–
1,000 to 10,000	1,538	64	3,046,000	136,000	15.24	0.68
10,001 to 100,000	44	3	918,000	40,000	4.59	0.20
100,001 to less than 5% of issued shares	27	2	8,488,510	1,365,000	42.49	6.83
5% and above of issued shares	3	–	5,985,470	–	29.96	–
<b>Total</b>	<b>1,621</b>	<b>69</b>	<b>18,439,000</b>	<b>1,541,000</b>	<b>92.29</b>	<b>7.71</b>

**ANALYSIS OF DIRECTORS' SHAREHOLDING as at 17 May 2002**

(As per the Register of Directors' Shareholdings)

Name of Directors	No of Shares held or beneficially interested in		% of Issued Capital	
	Direct	Indirect	Direct	Indirect
1. Dr. Koo Woon Kee	195,000	–	0.97	–
2. Koo Yuen Kim, JP	242,000	1,910,380 *	1.21	9.56
3. Ir. Leong Soon Kiong	1,000	–	0.01	–
4. Ir. Lim Ching Soon	7,000	–	0.04	–
5. Mahamad Zaihan Bin Zakaria	–	–	–	–
6. Tan Tien Kok	–	–	–	–

\* Deemed interest by virtue of his interest in Influx Advance Sdn Bhd.

**SUBSTANTIAL SHAREHOLDING as at 17 May 2002**

(As per the Register of Substantial Shareholders)

Name of Shareholders	No of Shares held or beneficially interested in		% of Issued Capital	
	Direct	Indirect	Direct	Indirect
1. Dato' Dr. Mohamed Jaffar Mohd Ali	3,059,090	–	15.31	–
2. Influx Advance Sdn Bhd	1,910,380	–	9.56	–
3. Su Bee Leng	1,016,000	1,910,380 *	5.09	9.56
4. Koo Yuen Kim, JP	242,000	1,910,380 *	1.21	9.56

\* Deemed interest by virtue of his/her interest in Influx Advance Sdn Bhd.

**Analysis** OF SHAREHOLDINGS as at 17 May 2002 (cont'd)**30 LARGEST SHAREHOLDERS as at 17 May 2002**

No.	Shareholders	No. of Shares	%
1.	Dato' Dr. Mohamed Jaffar Mohd Ali	3,059,090	15.31
2.	Influx Advance Sdn Bhd	1,910,380	9.56
3.	Su Bee Leng	1,016,000	5.09
4.	Hooy Kok Wai	910,000	4.55
5.	Utas Dedikasi Sdn Bhd	788,000	3.94
6.	Tan Jyh Yaong	521,000	2.61
7.	Yek Hon Su	518,000	2.59
8.	Cartaban Nominees (Asing) Sdn Bhd Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG	455,000	2.28
9.	Wong Wai Meng	432,000	2.16
10.	Yap Siew Chow	395,000	1.98
11.	Wong Moi	395,000	1.98
12.	Infinite Revenue Sdn Bhd	393,000	1.97
13.	Chok Fui Yee	383,000	1.92
14.	Yap Kong Meng	381,000	1.91
15.	Chang May Lon @ Cheong May Lon	379,000	1.90
16.	Tiew Kong Seng	351,000	1.75
17.	Tham Yung-Yi	350,000	1.75
18.	Wong Siew Chu	290,000	1.45
19.	Siew Tong Chee	290,000	1.45
20.	Su Weng Seng	289,000	1.45
21.	Yen Mee Hui	282,000	1.41
22.	MBF Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Cheng Siang	270,920	1.36
23.	MBF Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Chee Beaw	270,920	1.36
24.	Koo Yuen Kim, JP	242,000	1.21
25.	Yen Mee Kuen	234,000	1.17
26.	Dr. Koo Woon Kee	195,000	0.97
27.	Cheong Choy Kuan	191,000	0.96
28.	Yen Mooi Lan	182,000	0.91
29.	M.I.T. Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Sim Bee	128,000	0.64
30.	BIMB Securities Sdn Bhd- Pledged Securities Account for Dato' Dr. Abdul Halim Ismail	121,000	0.60

29, Jalan SS 15/4E, 47500 Subang Jaya, Selangor Darul Ehsan

I/We, \_\_\_\_\_  
 (PLEASE USE BLOCK LETTERS)

of \_\_\_\_\_

being a Member/Members of abovenamed Company do hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing whom, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Permai Room 1, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Friday, 28 June 2002 at 10.00 a.m. and at any adjournment thereof in the manner indicated below.

With reference to the Agenda set forth in the Notice of Meeting, please indicate with an "X" in the spaces below how you wish your votes to be cast on the resolutions specified.

RESOLUTION	FOR	AGAINST
Resolution 1 Adoption of Reports and Accounts		
Resolution 2 Approval of Directors' fees		
Resolution 3 Re-election of Director - Ir. Lim Ching Soon		
Resolution 4 Re-election of Director - Mahamad Zaihan bin Zakaria		
Resolution 5 Re-election of Director - Tan Tien Kok		
Resolution 6 Re-appointment of Auditors		

(Please indicate with an " X " in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given this form will be taken to authorise the proxy to vote at his/her discretion)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2002

NO. OF SHARES HELD									

\_\_\_\_\_  
 Signature of Member(s)



**Notes:**

1. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or, if the appointor is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorized.
4. All Forms of Proxy should be deposited at the Company's Registered Office, No. 29, Jalan SS 15/4E, 47500 Subang Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.



*Please Fold Along This Line*

**STAMP  
HERE**

**The Company Secretary**  
**JASATERA BERHAD** (78053-H)  
No 29, Jalan SS 15/4E  
47500 Subang Jaya  
Selangor Darul Ehsan

*Fold This Flap For Sealing (Staple or Glue)*

*Fold This Flap For Sealing (Stapler or Glue)*

