



**F I N A N C I A L**

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## directors' report

The Directors are pleased to present their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2001.

### **Principal Activities**

The Company is principally an investment holding company and provides administrative support to its subsidiaries.

The Group is engaged in the following principal activities through its subsidiary undertakings:-

- project management services;
- investment holding;
- property development;
- management of property and land development projects;
- technical management support services;
- computer aided design and drafting services;
- roading infrastructure and other related design work; and
- civil and building design related work.

There have been no significant changes in the nature of these activities during the year.

### **Results and Dividends**

The Group profit after taxation and minority interest, attributable to shareholders of the Company for the year ended 31 December 2001 amounted to RM3,887,057.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2001.

### **Review of the Business**

2001 was a year of continued consolidation with selected areas of expansion for the Group. Average employee numbers for the Malaysian operations was increased from 420 in 2000 to 484 in order to fulfil the manpower requirements of the Electrified Double Track project between Rawang and Ipoh. Average employee numbers for the New Zealand operations was increased from 1,089 in 2000 to 1,206 in 2001 to support expanded operations. The Group continued to optimise its resources relative to planned revenue.

During the year, the Group was able to meet its financial obligations to service the interest and to repay part of the principal of the US\$10.8 million term loan (RM41.0 million equivalent) and RM17.9 million term loan obtained previously by Noi Bai Development Corporation Ltd, a subsidiary undertaking, from its internally generated funds and consequently reduced the outstanding principal amounts to US\$5.0 million (RM18.9 million equivalent) and RM17.9 million as at 31 December 2001. The Group's efforts to recover debts from the group undertakings and related parties have resulted in a recovery of RM25.7 million. The Group is at an advanced stage of negotiations with a related party for another RM4.7 million debt settlement in the form of properties in lieu of cash.

The Group capitalised on the strengths of its resources which were deployed in the Cyberjaya Flagship Zone Development project to improve and enhance overall operations by securing the Sungai Klang River Improvement project, in the year. The Group also leveraged on the knowledge it acquired from the successful completion of the initial phase of the Century Square office buildings in Cyberjaya and secured a commission to provide facilities management services for these buildings and the other phases of this development.

## directors' report

Project management and technical consultancy services remained the core activities of the Group as it continued to provide its expertise to well-known projects in Malaysia such as the Cyberjaya Flagship Zone Development project, the Electrified Double Track project between Rawang and Ipoh, the Electrified Double Track project between Sentul and Batu Caves, the Single Session Schools project in the Federal Territories of Kuala Lumpur and Putrajaya, Selangor and Negeri Sembilan, the Sapangar Bay Naval Base project, the Universiti Industri Selangor project and the TIME Group Network Expansion Programme project.

The Group's wholly-owned subsidiary undertaking, Opus International Consultants Limited, a New Zealand based engineering and technical consultancy company performed above plan. Opus has maintained and expanded its position in five market sectors; highways and road asset management, highway development, asset management of buildings and infrastructure, water asset development/management and environmental planning. The company has retained its position as the leading supplier of road asset management services in New Zealand and is expanding its services in this sector internationally with contracts in place in the United Kingdom, Malaysia and Western Australia. Opus holds approximately 50 percent of New Zealand's outsourced national contracts in this sector and has 30 percent of the outsourced local authority contracts.

Opus has been successful with a number of performance specified maintenance contracts from Roadcare Western Australia, covering over 4600 kilometres of the state road network. In the United Kingdom, Opus is providing maintenance for Area 6 (Lincolnshire Highway Network). In Malaysia, Opus is continuing to manage the maintenance of expressways for three major expressway companies, namely Projek Lebuhraya Utara-Selatan Berhad (PLUS), Expressway Lingkaran Tengah Sdn Bhd (ELITE) and Linkedua (Malaysia) Berhad (LINKEDUA), providing network planning, maintenance programming, condition assessment and technical supervision.

### **Future Developments**

The Group will continue to develop and secure new projects in line with its core activities. The RM3.0 billion and the RM4.3 billion stimulus packages announced by the Malaysian Government in 2001 will provide opportunities for the Group's Malaysian operations to participate in large infrastructure projects. In its efforts to generate new sources of revenue, the Group is in aggressive pursuit of new consultancy services where the Group has available expertise, one of which is to provide facilities management services for the telecommunications infrastructure of the TIME Group of companies.

The Group's New Zealand operations aim to build on successes achieved in 2001 and to expand its operations internationally.

In Vietnam, the Group continues to promote and market the Noi Bai Industrial Lots and expects to secure further sales of industrial lots.

Barring any unforeseen circumstances, we expect the Group to achieve a satisfactory financial performance in the financial year ending 31 December 2002.

## directors' report

### Directors of the Company

The names of the Directors of the Company in office since the date of the last report and at the date of this report are :

Tengku Tan Sri Dato' Seri Dr. Ahmad Rithauddeen bin Tengku Ismail

Dato' Zaidan bin Haji Othman

Mr Lim Weng Ho

Dato' Mohd Nor bin Idrus

(Appointed 14.12.2001)

Dato' Cheong Keap Tai

(Appointed 14.12.2001)

Datuk Dr. Zainal Aznam bin Mohd Yusof

(Appointed 14.12.2001)

Dato' Lim Say Chong

(Appointed 14.12.2001)

Dato' Izham bin Mahmud

(Appointed 14.12.2001)

En. Roslant bin Abu

(Appointed 14.12.2001)

En. Azian bin Osman

(Appointed 14.12.2001)

Tan Sri Halim bin Saad

(Resigned 27.06.2001)

Dato' David Frederick Wilson

(Resigned 14.12.2001)

Dato' Syed Md Amin bin Syed Jan Aljeffri

(Resigned 14.12.2001)

Dr Ismail bin Abdul Rashid

(Resigned 14.12.2001)

In accordance with the Company's Articles of Association, Mr. Lim Weng Ho, Dato' Mohd Nor bin Idrus, Dato' Cheong Keap Tai, Datuk Dr. Zainal Aznam bin Mohd Yusof, Dato' Lim Say Chong, Dato' Izham bin Mahmud, En. Roslant bin Abu and En. Azian bin Osman will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. Pursuant to Section 293(5) of the Companies Act, 1985, Tengku Tan Sri Dato' Seri Dr. Ahmad Rithauddeen bin Tengku Ismail who has attained the age of 70, retires at the forthcoming Annual General Meeting and a resolution to re-appoint Tengku Tan Sri Dato' Seri Dr. Ahmad Rithauddeen bin Tengku Ismail as a Director of the Company will be put forward at the forthcoming Annual General Meeting.

### Directors' Interests

Neither at the end of the year, nor at any time during the year, did there exist any arrangement to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares and share options in, or debentures of, the Company or any group undertakings.

None of the Directors who held office at the end of the financial year had, according to the register required to be kept under Section 325 of the Companies Act 1985, an interest in shares of the Company, except for the following Director:

	Number of Ordinary Shares of 25p each			As at 31.12.01
	As at 1.1.01	Acquired	Disposed	
Lim Weng Ho	4,000	–	–	4,000

No Director of the Company has since the end of the previous financial year received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements) by reason of a contract made by the Company or a group undertaking with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

## directors' report

### Substantial Shareholdings

As at 29 March 2002, the only party holding 3 per cent or more of the issued share capital of the Company was:

Name	Number of Ordinary Shares held or beneficially interested in	% of Issued Capital
United Engineers (Malaysia) Berhad (held through nominees)	98,795,600	62.37

Details of transactions between the Group and UEM are disclosed in the analysis of significant related party transactions included in Note 1 to the accounts.

No other person has notified an interest in the ordinary shares of the Company required to be disclosed to the Company in accordance with Sections 198 to 208 of the Companies Act 1985.

### Significant Events Subsequent to Year End

On 22 April 2002, Opus International Consultants Limited ("OPUS"), a wholly-owned subsidiary undertaking, established an Employee Share Option Plan ("ESOP") for the employees of OPUS and its subsidiary undertakings. The principal terms of the ESOP are as follows:

- (a) The ESOP is a continuing scheme, wherein options may be offered continuously. Each option confers a right to purchase a Class A share in OPUS ("Plan Share"), which is a share conferring on its holder the rights attached to ordinary shares except that it carries no voting rights.
- (b) The options can only be exercised on a predetermined exercise date, which is currently the fifth (5) anniversary of the date of issue of the options.
- (c) The maximum number of Plan Shares to be available under the ESOP shall not exceed 2,500,000 Plan Shares, being 25% of the enlarged number of shares in issue of OPUS as at 31 December 2001, assuming full grant and exercise of options and after a proposed redemption of the existing 500,000 redeemable preference shares issued for NZD8.80 per share and the issuance of 4,500,000 new ordinary shares (for NZD4,400,000 in the aggregate) to Kinta Kellas NZ Ltd., a wholly-owned subsidiary undertaking of the Company.
- (d) The prices at which an employee of OPUS and its subsidiary undertakings is entitled to acquire the options and the Plan Shares are the fair values of the options and the Plan Shares respectively to be determined by (or in consultation with) OPUS' financial adviser, applying a recognised valuation methodology. Fair values of the options and the Plan Shares will be determined at the end of each quarter of the financial years that the ESOP is in existence and at any other time the Board of OPUS determines. On 22 April 2002, the prices of the option and the Plan Share were NZD0.17 and NZD4.96 respectively.

The shareholders of the Company are not required to approve the ESOP as the Kuala Lumpur Stock Exchange ("KLSE") had on 3 January 2002 confirmed that paragraph 6.31 of the KLSE Listing Requirements is not applicable to OPUS in respect of the ESOP.

### Creditor Payment Policy and Practice

It is the Group's policy that payments to suppliers are made in accordance with terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2001, the Group had an average of 16 days purchases outstanding in trade creditors.

## directors' report

### **Derivatives and Other Financial Instruments**

The Group's principal financial instruments, other than derivatives, consist of bank loans, hire purchase, cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations and investments. The Group has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The magnitude of these risks are detailed in Note 21 to the financial statements. The Board reviews and agrees policies for managing each of these risks as and when they arise.

#### **Interest rate risk**

The Group borrows in desired currencies at floating interest rates. The Group did not enter into any interest rate swaps.

#### **Liquidity risk**

The Group's objective is to maintain a balance of funding and flexibility through the use of overdraft, short term loans and long term loans.

The Group's policy is to arrange for short term loans and overdraft as working capital and long term loans to finance investments.

During the year, the Group repaid two instalments totalling to RM9.1 million in respect of the term loan obtained previously by Noi Bai Development Corporation Ltd., a subsidiary undertaking and RM3 million short term loan of another subsidiary undertaking.

The Group expects its trade debtors to settle amount due after one year in accordance with the terms and conditions agreed between the Group and its trade debtors.

#### **Foreign currency risk**

As and when the Group undertakes significant transactions denominated in foreign currencies, with continuing exposure over the applicable periods of settlement, the Group evaluates its exposure and the necessity to hedge such exposure, as well as the availability and cost of such hedging instruments.

As a result of the significant investments in New Zealand, Vietnam and South Africa, the Group's balance sheet can be significantly affected by the movements in the respective functional currencies of the investees against the Malaysian Ringgit. Note 1 to the financial statements provides information on, inter alia, the Group's turnover, operating profit and net assets employed, by geographical area. Information on the Group's investment in South Africa is reflected in Note 11.

The Group does not anticipate further significant foreign currency risk in respect of its US Dollar obligations as the exchange rate of the Malaysian Ringgit has been pegged to the US Dollar at RM3.80 to USD1.00 since September 1998 following the implementation of selective exchange controls by the Government of Malaysia. As at 31 December 2001, the Group has a USD5.0 million (RM18.9 million equivalent) loan outstanding in respect of investments in Vietnam. Transactions in Vietnam, which are primarily in respect of property development, are denominated in US Dollars.

A subsidiary undertaking in New Zealand, Kinta Kellas NZ Ltd. ("KKNZ") has a continuing liability to a subsidiary undertaking in Malaysia, Builders Credit & Leasing Sdn Bhd ("BCL"), of NZD80.9 million. This liability arose from BCL having extended funds for an advance by KKNZ to Ascell Investments Ltd, another wholly-owned subsidiary, for the settlement of a loan in 2000. KKNZ continuing liability to BCL, denominated in New Zealand Dollars, for which no hedge has been entered into, represents a continuing foreign currency risk to BCL.

## **directors' report**

### **Foreign currency risk (Cont'd)**

A subsidiary undertaking incorporated in The British Virgin Islands, International Business Link, Inc. ("IBL") has advanced a total amount of Rand46.9 million as at 31 December 2001 to its branch which operates in the Republic of South Africa. The Rand denominated advance for which no hedge has been entered into represents a continuing foreign currency risk to IBL.

The Group's New Zealand operations uses forward foreign currency contracts to eliminate such risks. The Group also has transactional currency exposures from sales in foreign currency and from operations in foreign countries.

### **Auditors**

On 28 June 2001, Ernst & Young of the United Kingdom, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

### **DATO' ZAIDAN BIN HAJI OTHMAN**

Director

### **LIM WENG HO**

Director

Kuala Lumpur, Malaysia

23 April 2002

# statement of directors' responsibilities

in respect of the accounts

Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Company and the Group for that period. In preparing those financial statements the Directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Going Concern**

The Directors are also required under Company Law to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business. The Directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

## **Exemption from the Provisions of the Combined Code**

The Financial Services Authority has confirmed that, in view of the primary listing of the Company being on the Kuala Lumpur Stock Exchange, the Company is permitted to comply with the Listing Rules in respect of an overseas company, and accordingly is not required to disclose a Statement on Compliance with the Combined Code.

## **Statement in Compliance with the Malaysian Code on Corporate Governance**

As required by the Listing Requirements of the Kuala Lumpur Stock Exchange, the Annual Report contains a Statement on Compliance with the Malaysian Code on Corporate Governance.

# auditors' report

to the members of Kinta Kellas Public Limited Company

We have audited the financial statements of the Company and Group for the year ended 31 December 2001 which comprise the Profit and Loss Accounts, Balance Sheets, Cash Flow Statements, Statement of Total Recognised Gains and Losses, Reconciliations of Shareholders' Funds, accounting policies and the related notes 1 to 27. These financial statements have been prepared on the basis of the accounting policies as set out therein.

## **Respective Responsibilities of Directors and Auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the Group and the Company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Directors' Report, Chairman's Statement, Operating and Financial Review and Statement on Compliance with the Malaysian Code on Corporate Governance which is presented in accordance with the requirements of the Kuala Lumpur Stock Exchange. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of Audit Opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 December 2001, and of the profit of the Company and of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

## **ERNST & YOUNG LLP**

Registered Auditor

London, England

23 April 2002

## principal accounting policies

### I Basis of Preparation of the Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. In the preparation of the financial statements in accordance with accounting standards applicable in the United Kingdom, the financial statements are also presented in all material respects in accordance with applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB"), upon the following additional disclosures being incorporated:-

- (i) Note III – Disclosure of foreign currency translation method used in determination of goodwill arising from the acquisition of a foreign entity, on page 59;
- (ii) Note VIII – Disclosure on foreign exchange rates applied in the preparation of the consolidated financial statements, on page 60;
- (iii) Company Profit and Loss Account, on page 63;
- (iv) Company Statement of Total Recognised Gains and Losses, on page 64;
- (v) Company Cash Flow Statement, on page 66;
- (vi) Note 2 – Disclosures of doubtful debts and realised and unrealised exchange differences taken to the profit and loss account, on page 73;
- (vii) Note 10 – Analysis of carrying amount of assets in the course of construction, on pages 78 and 79;
- (viii) Note 12 (b) – Analysis of development properties held for sale, on page 86; and
- (ix) Note 13 (d) – Analysis of consultancy contracts, on page 88.

### II Basis of Consolidation

The Group financial statements consolidate the financial statements of Kinta Kellas plc and all its subsidiary undertakings drawn up to 31 December each year except for International Business Link, Inc., a subsidiary undertaking which has a financial year end of 30 June. The Group financial statements therefore consolidate the interim financial statements of International Business Link, Inc. to 31 December each year.

The financial year end of this subsidiary has been so determined as it primarily holds the investment in Africon Partnership, whose financial year end is 30 June.

The results of subsidiary undertakings acquired or disposed of are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal.

Undertakings, other than subsidiary undertakings, in which the Group has a participating interest and exercises significant influence are treated as associated undertakings. The Group financial statements include the appropriate share of the associated undertakings' results and reserves based on financial statements to 31 December.

## **principal** accounting policies

### **III Goodwill**

Goodwill, arising from the purchase of subsidiary and associated undertakings, represents the excess of purchase consideration over the proportionate fair value of the assets acquired.

Any goodwill arising on the acquisition of a foreign entity and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign entity are treated as non-monetary foreign currency items, which are reported using the exchange rate at the date of the transaction.

Positive goodwill arising on acquisition since 1 January 1998 is capitalised and amortised to the profit and loss account on a straight line basis over a period not exceeding twenty years, and reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill arising on acquisitions prior to 31 December 1997 was set off against reserves, and has not been reinstated on implementation of FRS 10.

If a subsidiary undertaking, associated undertaking or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

### **IV Intangible Assets**

Intangible assets, other than goodwill, acquired separately from a business are capitalised at cost and amortised on a straight line basis over their estimated useful lives, not exceeding twenty years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

### **V Tangible Fixed Assets**

#### **(i) Assets in the course of construction**

Assets in the course of construction include all expenditure directly related to development, and are stated at cost. Provision is made against expenditure from which no future benefit is likely to arise.

Finance costs incurred during the construction of tangible fixed assets are capitalised up to a period when substantially all the activities that are necessary to get the tangible fixed assets for use, are completed.

Costs relating to completed portions of property intended to be sold are described as development properties held for sale and classified as current assets.

## principal accounting policies

### V Tangible Fixed Assets (Cont'd)

#### (ii) Depreciation

Freehold land is not depreciated. Depreciation is calculated to write off the cost of all other tangible fixed assets on a straight line basis over the estimated useful lives of the assets concerned. The annual rates of depreciation are:-

Leasehold land and buildings	2.0% – 2.5%
Furniture, fittings and equipment	15% – 20%
Motor vehicles	18% – 20%
Computers	33%
Plant and machinery	5% – 50%

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

### VI Investments

- (a) Investments in shares in corporations, other than subsidiary and associated undertakings, held for long-term purposes are stated at cost less provision for permanent diminution in value.
- (b) Investments held as current assets are stated at the lower of cost and market value at the balance sheet date, with adjustments arising taken to the profit and loss account.

### VII Subsidiary Undertakings

Investments in subsidiary undertakings are initially stated at cost in the balance sheet of the Company and reviewed for impairment at the end of the first full financial year following their acquisition and in other periods if events or changes in circumstances indicate that their carrying value may not be recoverable.

### VIII Foreign Currencies

The accounting records of the Company are maintained in Ringgit Malaysia. The financial statements of the Company and of the Group are presented in Ringgit Malaysia, which is the local currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Outstanding monetary balances at the balance sheet date denominated in foreign currencies are retranslated at the rate of exchange ruling at that date. Exchange rate differences arising therefrom are dealt with in the profit and loss account.

For consolidation purposes, the financial statements of overseas subsidiary undertakings are translated at the rates of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

**principal** accounting policies**VIII Foreign Currencies (Cont'd)**

In the preparation of the consolidated financial statements, the following exchange rates were applied:

	2001		2000	
	Closing	Average	Closing	Average
	RM	RM	RM	RM
1 United States Dollar (USD)	3.80	3.80	3.80	3.80
1 New Zealand Dollar (NZD)	1.58	1.63	1.67	1.83
1 Philippines Peso (PP)	0.07	0.07	0.08	0.09
1 South African Rand (Rand)	0.32	0.41	0.50	0.56

**IX Stocks – Development Properties**

Development properties include all expenditure directly related to development together with an appropriate portion of other indirect expenses, and are stated at the lower of cost and net realisable value.

**X Revenue and Profit Recognition****(i) Revenue**

Fees on project management services and technical management support services are recognised when no significant uncertainty exists regarding the fees that will be derived from the projects.

Turnover on service and construction contracts is calculated as the proportion of total contract value which costs incurred to date bear to total expected costs for that contract.

Interest income, is recognised on the accrual basis.

Dividend income from subsidiary undertakings is included in the profit and loss account of the Company when declared or proposed. Dividend income on other investments is recognised upon receipt.

**(ii) Profit**

Profits on service and construction contracts are recognised as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

**XI Deferred Taxation**

Deferred taxation is provided for using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated that the timing differences will reverse. Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

## principal accounting policies

### **XII Vested Service Entitlements**

The liability for employees' compensation for future leave is accrued in relation to service rendered by employees and relates to rights which have been vested. These are computed based on pre-tax discount rates in arriving at their present values. Their tax effects are accounted for in accordance with the accounting policy on deferred taxation. The effects on unwinding of the discount are charged as interest expense in the profit and loss account.

### **XIII Leasing Commitments**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

### **XIV Derivative and Other Financial Instruments**

When the Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates, the rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed, or probable future transaction, are deferred until the transaction occurs.

The criteria for forward foreign currency contracts are:

- the instrument must be related to a foreign currency asset or liability that is probable and whose characteristics have been identified;
- it must involve the same currency as the hedged item; and
- it must reduce the risk of foreign currency exchange movements on the Group's operations.

# profit and loss accounts

for the year ended 31 December 2001

	Note	GROUP		COMPANY	
		31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
<b>TURNOVER</b>	1	<b>278,635</b>	269,521	<b>10,243</b>	17,561
Cost of sales		<b>(148,514)</b>	(136,544)	<b>(2,662)</b>	(2,510)
Gross profit		<b>130,121</b>	132,977	<b>7,581</b>	15,051
Distribution costs		<b>(371)</b>	(203)	<b>(241)</b>	(175)
Administrative expenses		<b>(124,434)</b>	(173,171)	<b>(2,203)</b>	(14,761)
<b>OPERATING PROFIT/(LOSS)</b>	2	<b>5,316</b>	(40,397)	<b>5,137</b>	115
Share of operating profit in associated undertaking		<b>4,053</b>	2,192	–	–
Amortisation of goodwill arising on acquisition of an associated undertaking		<b>(350)</b>	(350)	–	–
		<b>3,703</b>	1,842	–	–
<b>TOTAL OPERATING PROFIT/(LOSS)</b>		<b>9,019</b>	(38,555)	<b>5,137</b>	115
Exceptional items:					
Gain on disposal of fixed assets		<b>187</b>	104	<b>73</b>	–
Gain on disposal of fixed asset investment		–	88,203	–	–
	3	<b>187</b>	88,307	<b>73</b>	–
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INVESTMENT INCOME, INTEREST AND TAXATION</b>		<b>9,206</b>	49,752	<b>5,210</b>	115
Income from investments (listed)					
Third parties		<b>843</b>	1,609	–	–
Bank interest receivable and similar income		<b>970</b>	1,442	<b>458</b>	508
Amounts written off investments		<b>(622)</b>	(3,935)	–	–
		<b>1,191</b>	(884)	<b>458</b>	508
Interest payable and similar charges					
Group and Company	4	<b>(2,938)</b>	(5,031)	–	–
Associated undertaking		<b>(151)</b>	(379)	–	–
		<b>(3,089)</b>	(5,410)	–	–
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	1	<b>7,308</b>	43,458	<b>5,668</b>	623
Taxation on profit on ordinary activities	7	<b>(3,421)</b>	(6,455)	–	–
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>3,887</b>	37,003	<b>5,668</b>	623
Minority interests (entirely equity)		–	1,897	–	–
<b>TRANSFER TO RESERVES</b>	23	<b>3,887</b>	38,900	<b>5,668</b>	623
Earnings per share (sen), basic and diluted	8	<b>2.45</b>	24.56	–	–

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

## statement of total recognised gains and losses

for the year ended 31 December 2001

	GROUP		COMPANY	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
(Loss)/Profit for the financial year excluding share of profits of associated undertaking	(15)	37,087	5,668	623
Share of associated undertaking's profit for the year	3,902	1,813	–	–
Profit for the financial year attributable to members of the parent undertaking	3,887	38,900	5,668	623
Currency translation differences on foreign currency net investments				
– Subsidiary undertakings	3,151	16,496	–	–
– Associated undertaking	1,404	4,420	–	–
	4,555	20,916	–	–
Total recognised gains and losses relating to the year recognised since the last annual report	8,442	59,816	5,668	623

### RECONSILIDATION OF GROUP SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2001

	GROUP	
	2001 RM'000	2000 RM'000
Total recognised gains and losses for the year	8,442	59,816
Net change in shareholders' funds	8,442	59,816
Opening shareholders' funds	183,648	123,832
Closing shareholders' funds	192,090	183,648

## balance sheets

at 31 December 2001

	Notes	GROUP		COMPANY	
		31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
<b>ASSETS EMPLOYED:</b>					
<b>FIXED ASSETS</b>					
Intangible fixed assets	9	26,372	30,156	–	–
Tangible fixed assets	10	34,759	29,575	381	210
Investments					
– Subsidiary undertakings	11	–	–	215,080	210,949
– Associated undertakings	11	18,879	17,921	–	–
– Others	11	2,218	2,218	500	500
		<b>82,228</b>	79,870	<b>215,961</b>	211,659
<b>CURRENT ASSETS</b>					
Stocks	12	22,279	26,388	–	–
Debtors – due within one year	13	116,264	102,970	5,601	3,092
– due after one year	13	46,951	45,726	–	–
Investments	14	10,184	10,154	–	–
Cash at bank and in hand	15	17,171	28,903	739	106
		<b>212,849</b>	214,141	<b>6,340</b>	3,198
<b>CURRENT LIABILITIES</b>					
Provision for taxation		(4,029)	(4,807)	–	–
Creditors – amounts falling due within one year	16	(58,853)	(56,560)	(2,781)	(1,005)
<b>NET CURRENT ASSETS</b>		<b>149,967</b>	152,774	<b>3,559</b>	2,193
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>232,195</b>	232,644	<b>219,520</b>	213,852
<b>CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
	17	(32,621)	(41,313)	–	–
<b>PROVISION FOR LIABILITIES AND CHARGES</b>					
	20	(7,484)	(7,683)	–	–
		<b>192,090</b>	183,648	<b>219,520</b>	213,852
<b>FINANCED BY:</b>					
<b>CAPITAL AND RESERVES</b>					
Called up share capital	22	197,175	197,175	197,175	197,175
Profit and Loss Account	23	(5,085)	(13,527)	22,345	16,677
Shareholders' funds (entirely equity)		<b>192,090</b>	183,648	<b>219,520</b>	213,852

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

The financial statements on pages 63 to 103, together with the accounting policies on pages 58 to 62, were approved by the Board of Directors on 23 April 2002.

**DATO' ZAIDAN BIN HAJI OTHMAN****LIM WENG HO**

## cash flow statements

for the year ended 31 December 2001

	Notes	GROUP		COMPANY	
		31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
<b>NET CASH INFLOW/(OUTFLOW)</b>					
<b>FROM OPERATING ACTIVITIES</b>	24(a)	<b>22,015</b>	4,005	<b>(4,670)</b>	(13,425)
<b>DIVIDENDS FROM ASSOCIATED UNDERTAKING</b>		<b>3,900</b>	2,402	-	-
<b>RETURNS ON INVESTMENTS AND</b>					
<b>SERVICING OF FINANCE</b>					
Bank interest received and similar income		<b>970</b>	1,442	<b>5,628</b>	5,747
Interest paid		<b>(3,389)</b>	(4,893)	-	-
Dividend received		<b>843</b>	1,406	-	-
		<b>(1,576)</b>	(2,045)	<b>5,628</b>	5,747
Corporation taxation paid		<b>(4,199)</b>	(2,365)	<b>(20)</b>	-
Tax refund		-	791	-	791
		<b>(4,199)</b>	(1,574)	<b>(20)</b>	791
<b>CAPITAL EXPENDITURE AND</b>					
<b>FINANCIAL INVESTMENT</b>					
Receipts from sales of tangible fixed assets		<b>1,733</b>	810	<b>73</b>	-
Payments to acquire tangible fixed assets		<b>(11,644)</b>	(4,904)	<b>(378)</b>	(47)
Payments to acquire associated undertaking		<b>(7,103)</b>	-	-	-
Change in cash on deposit with a financial institution to secure borrowings of associated undertaking	15	<b>1,429</b>	(327)	-	-
		<b>(15,585)</b>	(4,421)	<b>(305)</b>	(47)
<b>ACQUISITIONS AND DISPOSALS</b>					
Payments to acquire intangible fixed assets		-	(829)	-	-
<b>MANAGEMENT OF LIQUID RESOURCES</b>					
Decrease in deposits with financial institutions		<b>4,777</b>	21,475	-	5,951
<b>FINANCING</b>					
Drawdown on short-term loans		<b>5,800</b>	-	-	-
Repayment of short-term loans		<b>(13,355)</b>	(11,000)	-	-
Repayment of long-term loans		<b>(4,555)</b>	(4,555)	-	-
Repayment of capital and interest elements of hire purchase contracts		<b>(175)</b>	-	-	-
		<b>(12,285)</b>	(15,555)	-	-
<b>(DECREASE)/INCREASE IN CASH</b>	24(b)	<b>(2,953)</b>	3,458	<b>633</b>	(983)

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

## notes to the accounts

for the year ended 31 December 2001

**1. Analyses of Turnover, Profit, Net Assets and Related Party Transactions**

Turnover during the year was derived entirely from continuing operations.

AREA OF ACTIVITY

## (a) GROUP TURNOVER

	Total Revenue		Total Intra-group Revenue		Total Revenue from Third Parties	
	31.12.01	31.12.00	31.12.01	31.12.00	31.12.01	31.12.00
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Group</i>						
Project management services	<b>57,579</b>	54,462	–	–	<b>57,579</b>	54,462
Technical management support services	<b>5,123</b>	6,505	–	–	<b>5,123</b>	6,505
Roading infrastructure and other design related work, and civil and building design related work	<b>209,969</b>	209,245	–	1,090	<b>209,969</b>	208,155
Management fees	<b>4,615</b>	1,814	<b>4,615</b>	1,814	–	–
<b>Rendering of services</b>	<b>277,286</b>	272,026	<b>4,615</b>	2,904	<b>272,671</b>	269,122
Investment holding						
<b>Interest</b>	<b>6,020</b>	5,834	<b>5,623</b>	5,689	<b>397</b>	145
<b>Dividend</b>	–	10,000	–	10,000	–	–
	<b>6,020</b>	15,834	<b>5,623</b>	15,689	<b>397</b>	145
Property development	<b>5,567</b>	254	–	–	<b>5,567</b>	254
<b>GROUP TURNOVER</b>	<b>288,873</b>	288,114	<b>10,238</b>	18,593	<b>278,635</b>	269,521

## (b) TURNOVER OF ASSOCIATED UNDERTAKING

	31.12.01	31.12.00
	RM'000	RM'000
Share of turnover of associated undertaking		
– Engineering services	<b>42,077</b>	50,215

**notes to the accounts**

for the year ended 31 December 2001

**1. Analyses of Turnover, Profit, Net Assets and Related Party Transactions (Cont'd)**

(b) TURNOVER OF ASSOCIATED UNDERTAKING (CONT'D)

	31.12.01 RM'000	31.12.00 RM'000
<i>Company</i>		
<b>Intra-group</b>		
Interest	5,623	5,689
Dividends	–	10,000
Services	4,615	1,814
	<b>10,238</b>	17,503
<b>Third parties</b>		
Interest	5	58
	<b>10,243</b>	17,561
<b>Profit/(Loss)</b>		
<i>Group</i>		
Project management services	16,979	23,149
Technical management support services	3,393	1,429
Roading infrastructure and other related design work, and civil and building design related work	9,050	5,844
Investment holding	(24,820)	(65,086)
Property development	478	(5,757)
Computer aided design and drafting services	236	24
Continuing operations:	5,316	(40,397)
Income from interest in an associated undertakings net off goodwill amortisation+	3,703	1,842
Total operating profit/(loss)	9,019	(38,555)
Exceptional items	187	88,307
Net interest and income from investments	(1,898)	(6,294)
Profit on ordinary activities before taxation	7,308	43,458

+ The principal activities of these associated undertakings are the provision of engineering services, route optimisation and concept planning services for infrastructure development.

**notes** to the accounts

for the year ended 31 December 2001

**1. Analyses of Turnover, Profit, Net Assets and Related Party Transactions (Cont'd)**

## (b) TURNOVER OF ASSOCIATED UNDERTAKING (CONT'D)

	31.12.01	31.12.00
	RM'000	RM'000
<b>Net Assets Employed</b>		
<i>Group</i>		
Project management services	<b>132,618</b>	104,880
Technical management support services	<b>(4,010)</b>	(505)
Roading infrastructure and other related design work, and civil and building design related work	<b>37,870</b>	45,337
Investment holding	<b>3,134</b>	4,456
Property development	<b>20,664</b>	35,780
Computer aided design and drafting services	<b>389</b>	154
	<b>190,665</b>	190,102
Unallocated net liabilities	<b>(17,454)</b>	(24,375)
	<b>173,211</b>	165,727
Share of net assets of associated undertakings +	<b>18,879</b>	17,921
Minority interest	-	-
Total net assets	<b>192,090</b>	183,648

Unallocated net liabilities comprise short term and long term borrowings, net of current asset investments and fixed deposits.

+ *The principal activities of these associated undertakings are the provision of engineering services, route optimisation and concept planning services for infrastructure development.*

GEOGRAPHICAL AREA

		New			United		
<u>2001</u>	Malaysia	Zealand	Vietnam	Australia	Kingdom	Philippines	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

**Turnover***Group*

Turnover by origin :

Continuing operations :

Total revenue	<b>88,662</b>	<b>173,315</b>	<b>5,567</b>	<b>6,396</b>	<b>14,933</b>	-	<b>288,873</b>
Intra-group revenue	<b>(10,238)</b>	-	-	-	-	-	<b>(10,238)</b>
Revenue from third parties	<b>78,424</b>	<b>173,315</b>	<b>5,567</b>	<b>6,396</b>	<b>14,933</b>	-	<b>278,635</b>

**notes to the accounts**

for the year ended 31 December 2001

**1. Analyses of Turnover, Profit, Net Assets and Related Party Transactions (Cont'd)**

GEOGRAPHICAL AREA

2001	Malaysia	New Zealand	Vietnam	Australia	United Kingdom	Philippines	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

**Operating profit / (loss)**

*Group*

Continuing operations :	<b>(309)</b>	<b>3,691</b>	<b>485</b>	<b>306</b>	<b>775</b>	<b>18</b>	<b>4,966</b>
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Share of operating profit of associated undertakings +							<b>4,053</b>
--	--	--	--	--	--	--	--------------

TOTAL OPERATING PROFIT							<b>9,019</b>
------------------------	--	--	--	--	--	--	--------------

Exceptional item							<b>187</b>
------------------	--	--	--	--	--	--	------------

Net interest and income from investments							<b>(1,898)</b>
--	--	--	--	--	--	--	----------------

Profit on ordinary activities before taxation							<b>7,308</b>
---	--	--	--	--	--	--	--------------

**Net Assets Employed**

*Group*

Continuing operations :							
Net assets	<b>131,652</b>	<b>37,342</b>	<b>20,765</b>	<b>510</b>	<b>428</b>	<b>(32)</b>	<b>190,665</b>

Unallocated net liabilities							<b>(17,454)</b>
-----------------------------	--	--	--	--	--	--	-----------------

**173,211**

Share of net assets of associated undertakings +							<b>18,879</b>
--	--	--	--	--	--	--	---------------

**192,090**

Minority interest							<b>-</b>
-------------------	--	--	--	--	--	--	----------

Total net assets							<b>192,090</b>
------------------	--	--	--	--	--	--	----------------

Turnover by destination is not materially different from turnover by origin.

+ *The associated undertakings operate in Africa and Australia.*



## notes to the accounts

for the year ended 31 December 2001

### 1. Analyses of Turnover, Profit, Net Assets and Related Party Transactions (Cont'd)

Analysis of significant related party transactions

	31.12.01 RM'000	31.12.00 RM'000
<i>Group</i>		
(i) Group undertakings		
– Project management fees receivable from parent undertaking, United Engineering (M) Berhad (“UEM”)	<b>3,146</b>	15,021
– Project management fees receivable from fellow subsidiary undertakings on significant contracts +		
– Expressway Lingkaran Tengah Sdn Bhd	<b>276</b>	1,995
– Linkedua (M) Bhd	<b>86</b>	5,158
– Projek Lebuhraya Utara Selatan Bhd	<b>1,883</b>	3,675
– Tanjung Pinang Development Sdn Bhd	<b>1,384</b>	800
– Propel Bhd	<b>–</b>	34
	<b>3,629</b>	11,662
– Maintenance management and technical consultancy fees receivable from fellow subsidiary undertakings on significant contracts +		
– Expressway Lingkaran Tengah Sdn Bhd	<b>1,027</b>	613
– Linkedua (M) Bhd	<b>157</b>	122
– Projek Lebuhraya Utara Selatan Bhd	<b>16,335</b>	9,575
	<b>17,519</b>	10,310
(ii) Project management fees receivable from related parties ++		
– Renong Bhd	<b>–</b>	266
– Powerton Resources Sdn Bhd	<b>675</b>	–
– Setia Haruman Sdn Bhd	<b>12,627</b>	–
– TT dotCom Sdn Bhd	<b>4,804</b>	–
– TimeCel Sdn Bhd	<b>2,205</b>	(81)
– Marak Unggul Sdn Bhd	<b>–</b>	771
– Putra Sdn Bhd	<b>–</b>	11,807
	<b>20,311</b>	12,763
(iii) Office rental payable to related parties ++		
– Faber Union Sdn Bhd	<b>2,219</b>	2,535
– Putra Sdn Bhd	<b>252</b>	241
	<b>2,471</b>	2,776
(iv) Administrative fees payable to related parties ++		
– HBN Management Sdn Bhd	<b>525</b>	407

+ The comparatives had in the previous year been disclosed in aggregate, as RM21,972,000, in respect of project management fees.

++ These transactions were with companies in the Renong Bhd group, an associated undertaking of the parent undertaking, UEM, which has significant influence in Renong Bhd group.

**notes** to the accounts

for the year ended 31 December 2001

**2. Operating Profit/(Loss)**

	GROUP		COMPANY	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
This is stated after charging/ (crediting):				
<i>Group</i>				
Audit remuneration				
– UK	18	18	18	18
– Other	404	477	–	–
Non-audit remuneration				
– UK	89	83	89	83
– Other	244	478	–	–
Depreciation of owned fixed assets	5,316	5,781	203	252
Amortisation of intangible fixed assets	158	188	–	–
Amortisation of goodwill +	3,976	3,855	–	–
Provision for impairment in value of goodwill (Note 3)	–	24,156	–	–
(Write back)/provision for write down in development property (Note 3)	(2,982)	5,117	–	–
Operating lease rentals				
– land & buildings	8,104	10,122	80	399
– motor vehicles	3,479	5,724	–	35
– equipment	4,686	2,091	17	117
(Write-back)/provision for doubtful debts	(3,473)	(651)	–	10,792
Realised loss on foreign exchange	–	18,636	–	–
Unrealised loss on foreign exchange ++	16,794	14,656	167	2,066
Unrealised gain on foreign exchange	(398)	(2,145)	–	–

+ The amortisation of goodwill amounting to RM3,976,000 comprises that arising from intangible fixed assets and fixed assets investments as disclosed in Notes 9 and 11(b) respectively.

++ The unrealised loss on foreign exchange arose from foreign currency intercompany loan between certain subsidiary undertakings of the Group.

**3. Exceptional Items**

	GROUP		COMPANY	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
Gain on disposal of tangible fixed assets	187	104	73	–
Gain on disposal of fixed asset investments	–	88,203	–	–
	187	88,307	–	73

**notes to the accounts**

for the year ended 31 December 2001

**3. Exceptional Items (Cont'd)**

No material tax charge arises on these exceptional items. There is no share of minority interests in respect of these exceptional items.

A write back of exceptional provision for write down in development property amounting to RM2,982,000 has been included in Administrative Expenses in arriving at operating profit for the year (Note 2).

In the previous year, an exceptional impairment of goodwill amounting to RM24,156,000 had been included in Administrative Expenses in arriving at the loss for the year (Note 2). This relates to goodwill in respect of the investment in the subsidiary undertaking, Opus International Consultants Limited. For the purpose of calculating the impairment provision, forecast cash flows have been discounted using a rate 13%, which took account of the risk associated with the relevant units.

**4. Interest Payable and Similar Charges**

	GROUP		COMPANY	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
Interest charges on bank borrowings	3,389	4,893	–	–
Unwinding of discount on provision for employee entitlements	(474)	138	–	–
Hire purchase interest	23	–	–	–
	<b>2,938</b>	5,031	–	–

**5. Directors' Remuneration**

	GROUP		COMPANY	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
<b>The amounts paid to directors of the Company were as follows:</b>				
Directors' emoluments	655	553	637	553
Professional fees paid to a company in which a director has an interest	572	537	–	–
Highest paid Director	469	442	469	442

**notes** to the accounts

for the year ended 31 December 2001

**6. Staff Costs**

	GROUP		COMPANY	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
Wages and salaries	<b>135,859</b>	143,286	<b>1,227</b>	1,933
Contributions to a statutory employees' provident fund	<b>9,784</b>	10,244	<b>176</b>	280
Social security costs	<b>393</b>	226	<b>6</b>	13
Employees' service entitlements	<b>1,226</b>	877	<b>-</b>	-
	<b>147,262</b>	154,633	<b>1,409</b>	2,226

	GROUP		COMPANY	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
	Average		Average	
<b>Average number of employees during the year:</b>				
Project management	<b>440</b>	475	-	-
Engineering Consultancy	<b>1,011</b>	850	-	-
Property development	<b>14</b>	13	-	-
Administration	<b>270</b>	212	<b>23</b>	48
	<b>1,735</b>	1,550	<b>23</b>	48

**7. Taxation on Profit on Ordinary Activities**

	GROUP		COMPANY	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
<i>Group</i>				
In Malaysia				
- Current taxation	<b>2,673</b>	6,264	-	-
Overseas				
- Current taxation	<b>748</b>	121	-	-
- Deferred taxation – timing differences on unrealised foreign currency exchange differences	-	74	-	-
Group taxation	<b>3,421</b>	6,459	-	-
Over provision in respect of prior years	-	(4)	-	-
	<b>3,421</b>	6,455	-	-

There is no taxation charge for the Company in view of the unabsorbed tax losses brought forward (Note 20).

The taxation charge for the Group is high in view of the foreign exchange losses on capital items not deductible for taxation and the absence of group relief for losses of certain subsidiary undertakings.

## notes to the accounts

for the year ended 31 December 2001

### 8. Earnings Per Share

The calculation of earnings per share is based on the Group profit after taxation and minority interests, of RM3,887,057 (31.12.00: RM38,899,671) and the weighted average number of ordinary shares in issue during the year amounting to 158,395,600 (31.12.00: 158,395,600). There are no potential dilutive shares and therefore, the diluted earnings per share is the same as basic earnings per share.

### 9. Intangible Fixed Assets

	<b>Goodwill</b>	<b>Licences and similar rights</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Group</i>	(Note a)	(Note b)	
Cost:			
At 1 January 2001 / 31 December 2001	69,765	636	70,401
Amortisation:			
At 1 January 2001	39,767	478	40,245
Annual amortisation	3,626	158	3,784
At 31 December 2001	43,393	636	44,029
Net book value at 31 December 2001	26,372	-	26,372
Net book value at 31 December 2000	29,998	158	30,156

#### Note (a)

Purchased goodwill of RM829,000 arising from an acquisition of business from the New Zealand authorities by a subsidiary undertaking, is amortised over the contract period of 5 years.

The remaining amount of goodwill is being amortised in equal annual instalments over the estimated economic life of 20 years, subject to impairment adjustments recognised as required.

#### Note (b)

This comprises mainly an acquisition of rights by a subsidiary undertaking to operate a professional services business contract for a period of three years without taking over any assets and liabilities, and is amortised over the period of the contract.

**notes** to the accounts

for the year ended 31 December 2001

**10. Tangible Fixed Assets**

	GROUP		COMPANY	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
(a) Fixed assets	<b>19,465</b>	14,281	<b>381</b>	210
(b) Assets in the course of construction	<b>15,294</b>	15,294	–	–
	<b>34,759</b>	29,575	<b>381</b>	210

**(a) Fixed assets**

	Freehold land RM'000	Buildings RM'000	Short term leasehold buildings RM'000 (Note a)	Plant and machinery RM'000	Furniture, fittings, equipment, motor vehicles and computers RM'000 (Note b)	Total RM'000
<i>Group</i>						
Cost:						
At 1 January 2001	164	365	6,840	5,894	45,832	59,095
Exchange Adjustment	(9)	7	–	(340)	(2,156)	(2,498)
Additions	–	–	–	1,092	11,317	12,409
Write off	–	(39)	–	–	(1,291)	(1,330)
Disposals	–	–	–	(96)	(4,804)	(4,900)
At 31 December 2001	<b>155</b>	<b>333</b>	<b>6,840</b>	<b>6,550</b>	<b>48,898</b>	<b>62,776</b>
Accumulated depreciation:						
At 1 January 2001	–	7	575	5,091	39,141	44,814
Exchange adjustment	–	–	–	(342)	(1,858)	(2,200)
Provided during the year	–	3	129	448	4,736	5,316
Write off	–	–	–	–	(1,265)	(1,265)
Disposals	–	–	–	(95)	(3,259)	(3,354)
At 31 December 2001	–	<b>10</b>	<b>704</b>	<b>5,102</b>	<b>37,495</b>	<b>43,311</b>
Net book value at 31 December 2001	<b>155</b>	<b>323</b>	<b>6,136</b>	<b>1,448</b>	<b>11,403</b>	<b>19,465</b>
Net book value at 31 December 2000	164	358	6,265	803	6,691	14,281

(a) The leasehold buildings have lease periods of less than 50 years.

(b) Included are motor vehicles with net book values amounting to RM666,000, being acquired under hire purchase facilities.

**notes** to the accounts

for the year ended 31 December 2001

**10. Tangible Fixed Assets (Cont'd)**

**(a) Fixed assets (Contd)**

	<b>Furniture, fittings, equipment, motor vehicles, and computers RM'000</b>
<i>Company</i>	
Cost:	
At 1 January 2001	4,406
Additions	378
Write off	(137)
Disposals	(223)
At 31 December 2001	<b>4,424</b>
Accumulated depreciation:	
At 1 January 2001	4,196
Provided during the year	203
Write off	(133)
Disposals	(223)
At 31 December 2001	<b>4,043</b>
Net book value at 31 December 2001	<b>381</b>
Net book value at 31 December 2000	210

**(b) Assets in the course of construction**

	<b>31.12.01 RM'000</b>	<b>31.12.00 RM'000</b>
<i>Group</i>		
Cost:		
At 1 January / 31 December	<b>33,464</b>	33,464
Provision for impairment in value of assets in the course of construction:		
At 1 January / 31 December	<b>(18,170)</b>	(18,170)
Net book value	<b>15,294</b>	15,294

**notes** to the accounts

for the year ended 31 December 2001

**10. Tangible Fixed Assets (Cont'd)**

**(b) Assets in the course of construction (Cont'd)**

Assets in the course of construction represent the construction of the property under development in Hanoi, Vietnam and are stated at cost less provision for impairment. Portions of the property developed and held for sale are classified as current assets (Note 12).

The provision for impairment in value of assets in the course of construction was based on their net realisable values.

The components of assets in the course of construction are as follows:-

	<b>31.12.01</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>
Leasehold land	<b>6,783</b>	6,783
Development expenditure	<b>8,511</b>	8,511
	<b>15,294</b>	15,294

No interest expense and depreciation were capitalised during the year. The construction of this asset has been temporarily suspended.

	<b>31.12.01</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest expense capitalised to date	<b>1,836</b>	1,836

**11. Fixed Asset Investments**

	<b>31.12.01</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Group</i>		
Unlisted Shares, at cost		
At 1 January/ 31 December	<b>2,218</b>	2,218
Unlisted Bonds in fellow subsidiary, at cost		
At 1 January	-	54,399
Disposal during the year	-	(54,399)
At 31 December	-	-
Associated undertakings		
At 31 December	<b>18,879</b>	17,921
	<b>21,097</b>	20,139

## notes to the accounts

for the year ended 31 December 2001

### 11. Fixed Asset Investments (Cont'd)

The associated undertakings comprise the following:

- (a) A 29% interest in Africon Partnership, which operates in the Republic of South Africa and provides professional engineering services, held through a subsidiary undertaking.

Africon Partnership holds 100% equity interest in Africon Engineering International (Pty) Ltd., a company incorporated in the Republic of South Africa, which in turn has interests in several companies and partnerships.

- (b) A 22.74% equity interest in Quantm Limited, a company incorporated and operating in Australia which provides route optimisation and concept planning services for infrastructure development.

The analysis of movement in associate undertakings is as follows:

	<b>1.1.01</b>	<b>Movement</b>	<b>31.12.01</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cost of Investment	16,186	7,103	<b>23,289</b>
Exchange adjustment	(7,367)	(5,797)	<b>(13,164)</b>
Share of profits retained in an associated undertaking	6,064	2	<b>6,066</b>
Carrying value of investment	14,883	1,308	<b>16,191</b>
Amortisation of goodwill	(350)	(350)	<b>(700)</b>
Carrying value	14,533	958	<b>15,491</b>
Loan to associated undertaking	3,388	–	<b>3,388</b>
	17,921	958	<b>18,879</b>

The analysis of the Group's share of net assets in the Africon Partnership and Quantm Limited are as follows:

	<b>31.12.01</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>
Share of net assets at 31 December	<b>3,879</b>	–
Goodwill at cost		
At 1 January	<b>7,000</b>	7,000
Addition during the year	<b>5,312</b>	–
At 31 December	<b>12,312</b>	7,000
Less : accumulated amortisation		
At 1 January	<b>(350)</b>	–
Annual amortisation	<b>(350)</b>	(350)
At 31 December	<b>(700)</b>	(350)
Carrying value of goodwill	<b>11,612</b>	6,650
Carrying value of associate undertakings	<b>15,491</b>	6,650

## notes to the accounts

for the year ended 31 December 2001

### 11. Fixed Asset Investments (Cont'd)

In 1998, the Group executed a deed of suretyship to secure a RAND10 million loan (RM6.5 million) granted to Africon Partnership, by which the Group is required to deposit its share of profits receivable from the partnership in each financial year with the lender up to the maximum amount of RAND3.6 million (RM1.1 million). The amount deposited with the lender as at the year end is the equivalent of approximately RM1.1 million, as disclosed in Note 15 to the accounts.

The following financial information is disclosed with regards to associated undertakings which exceed certain thresholds under the Financial Reporting Standard No 9 Associates and Joint Ventures:-

	Africon > 25% threshold		Aggregate > 15% threshold	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
Share of turnover	<b>42,077</b>	50,215	<b>42,077</b>	50,215
Share of profit before taxation	<b>3,902</b>	1,813	<b>3,902</b>	1,813
Share of taxation	-	-	-	-
Share of profit after taxation	<b>3,902</b>	1,813	<b>3,902</b>	1,813
Share of assets				
Share of fixed assets	<b>2,392</b>	3,498	<b>3,787</b>	3,498
Share of current assets	<b>5,133</b>	12,107	<b>6,343</b>	12,107
	<b>7,525</b>	15,605	<b>10,130</b>	15,605
Share of liabilities				
Liabilities due within one year or less	<b>(4,071)</b>	(5,928)	<b>(4,099)</b>	(5,928)
Liabilities due after one year	<b>(1,366)</b>	(1,794)	<b>(2,168)</b>	(1,794)
	<b>(5,437)</b>	(7,722)	<b>(6,267)</b>	(7,722)
Share of net assets	<b>2,088</b>	7,883	<b>3,863</b>	7,883

The above information is based on the unaudited management accounts of Africon Partnership and Quantm Limited for the year ended 31 December 2001.

**notes to the accounts**

for the year ended 31 December 2001

**11. Fixed Asset Investments (Cont'd)**

	Note	31.12.01 RM'000	31.12.00 RM'000
<i>Company</i>			
<b>Unlisted shares in subsidiary undertakings:-</b>			
At cost:			
At 1 January/31 December		211,242	211,242
Provision for impairment in value of investment:			
At 1 January/31 December		(47,690)	(47,690)
Net Book Value		163,552	163,552

**Amounts due from subsidiary undertaking:-**

At 1 January		77,200	40,420
Advances during the year		4,131	36,780
At 31 December	a	81,331	77,200
Provision for doubtful recovery			
At 31 December		(29,803)	(29,803)
Total		51,528	47,397
Total		215,080	210,949

**Other undertakings:-**

Unlisted shares – at cost		500	500
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(a) Amounts due from subsidiary undertakings are presented with investments in subsidiary undertakings as such amounts represent long-term intercompany balances.

The investments are as follows:-

Name of company	Activity	Group's interest in ordinary shares		Country of incorporation
		2001 %	2000 %	
<b>Subsidiary undertakings:</b>				
Pengurusan Lebuhraya Berhad	Management of the planning, design and construction of infrastructure projects	100	100	Malaysia
Home Builders Sdn. Bhd.	Property development	100	100	Malaysia

**notes** to the accounts

for the year ended 31 December 2001

**11. Fixed Asset Investments (Cont'd)**

Name of company	Activity	Group's interest in ordinary shares		Country of incorporation
		2001 %	2000 %	
<b>Subsidiary undertakings (Cont'd):</b>				
Builders Consortium Sdn. Bhd.	Management of the planning, design and implementation of property and land development projects	<b>100</b>	100	Malaysia
Builders Credit & Leasing Sdn. Bhd.	Investment holding	<b>100</b>	100	Malaysia
Pengurusan Lantas Bhd.	Provision of technical management of the planning, design and construction of projects	<b>100</b>	100	Malaysia
Pengurusan LRT Sdn. Bhd.	Management of the planning, design and construction of projects	<b>100</b>	100	Malaysia
CAE-Tech Sdn. Bhd.	Provision of computer aided design and drafting services	<b>100</b>	100	Malaysia
Vista Spectrum (M) Sdn. Bhd.	Investment holding	<b>100</b>	100	Malaysia
Northern Eight (M) Sdn. Bhd.	Investment holding	<b>100</b>	100	Malaysia
Vista Crest Sdn. Bhd. ++	Dormant	<b>100</b>	100	Malaysia
Mahligai Madu Sdn. Bhd. +++	Dormant	<b>100</b>	100	Malaysia
Noi Bai Development Corporation Limited +	Build and operate the Noi Bai Industrial Zone in Hanoi, Vietnam.	<b>70</b>	70	Vietnam
Noi Bai Golf Resort Corporation Limited +	Build and operate an international standard golf course and other ancillary facilities comprising villas, hotels, apartments and sporting facilities in Hanoi, Vietnam.	<b>70</b>	70	Vietnam
International Business Link, Inc.	Investment holding	<b>100</b>	100	The British Virgin Islands

**notes to the accounts**

for the year ended 31 December 2001

**11. Fixed Asset Investments (Cont'd)**

Name of company	Activity	Group's interest in ordinary shares		Country of incorporation
		2001	2000	
		%	%	
<b>Subsidiary undertakings (Cont'd):</b>				
Kinta Kellas NZ Ltd.	Investment holding	<b>100</b>	100	New Zealand
Askell Investments Ltd.	Provision of finance	<b>100</b>	100	New Zealand
Opus International Consultants Ltd. +	Roading infrastructure and other related design work and civil and building design related work	<b>100</b>	100	New Zealand
Opus International Consultants (OPC) Limited +	Dormant	<b>100</b>	100	New Zealand
Opus International Consultants (Pte.) Limited +	Engineering consultancy services	<b>100</b>	100	Singapore
Opus International Consultants (UK) Limited +	Engineering consultancy services	<b>100</b>	100	United Kingdom
Opus International Consultants Sdn.Bhd. +	Engineering consultancy services	<b>100</b>	100	Malaysia
PL Management International Phils., Inc.	Dormant	<b>100</b>	100	Philippines
<b>Significant associated undertakings:</b>				
Africon Partnership +	Provision of professional engineering services	<b>29</b>	29	Republic of South Africa
Quantm Limited +	Route optimisation and concept planning services for infrastructure development	<b>22.74</b>	–	Australia

+ Held by subsidiary undertakings.

++ Subsequent to the balance sheet date, Vista Crest Sdn Bhd has been struck off from the records of the Malaysian Registrar of Companies as there were no intentions to commence business. The subsidiary undertaking was dormant prior to its strike-off.

+++ During the year, Mahligai Madu Sdn Bhd has been struck off from the records of the Malaysian Registrar of Companies as there were no intentions to commence business. The subsidiary undertaking was dormant prior to its strike-off.

## notes to the accounts

for the year ended 31 December 2001

### 11. Fixed Asset Investments (Cont'd)

The legal capital contributions and effective equity interests in the Vietnamese subsidiary undertakings as at 31 December 2001 and upon full intended legal contribution are as follows:

	<b>Noi Bai Development Corporation Limited</b>		
	<b>Legal capital</b>	<b>Effective equity interest</b>	
	<b>RM'000</b>	<b>2001 %</b>	<b>2000 %</b>
As at 1 January/31 December 2001	20,433	<b>70</b>	70
Legal capital upon full contribution	20,433	<b>70</b>	70
	<b>Noi Bai Golf Resort Corporation Limited</b>		
	<b>Legal capital</b>	<b>Effective equity interest</b>	
	<b>RM'000</b>	<b>2001 %</b>	<b>2000 %</b>
<b>Contribution at cost</b>			
As at 1 January/31 December 2001	7,921	<b>70</b>	70
<b>Legal capital upon full contribution</b>			
As at 1 January/31 December 2001	13,300	<b>70</b>	70

Under the Foreign Investment Laws of Vietnam and the charter of the Vietnamese companies, the shareholders may contribute capital in instalments. The outstanding legal capital contribution commitments of the Group as at the balance sheet date are disclosed in Note 26 to the financial statements.

The profits of the Vietnamese companies are to be shared between the respective parties as follows:

<b>No of years from date of issuance of Investment Licence</b>	<b>The Group %</b>	<b>Other shareholders %</b>
<b>Noi Bai Development Corporation Limited</b>		
1st to 50th	70	30

The duration of the Licence will be 50 years from the date of issuance of the Investment Licence, 12 April 1994. At the end of the tenure, all fixed assets of Noi Bai Development Corporation Limited will be transferred to the Vietnamese Government.

## notes to the accounts

for the year ended 31 December 2001

### 11. Fixed Asset Investments (Cont'd)

No of years from date of issuance of Investment Licence

	The Group %	Other shareholders %
<b>Noi Bai Golf Resort Corporation Limited</b>		
1st to 10th	70	30
11th to 20th	60	40
21st to 30th	50	50

The duration of the Licence will be 30 years (unless an extension is granted by the Vietnamese Authority) from the date of issuance of the Investment Licence, 9 June 1994. After that date, the total assets of Noi Bai Golf Resort Corporation Limited will be shared equally among the shareholders.

The golf resort development undertaken by this subsidiary undertaking has been suspended, and by the terms of the investment venture, the Government of Vietnam is to provide an alternative site for development, representing a value comparable to the previous site, including development expenditure incurred but aborted. Pending the fulfilment of that obligation, the Group has recognised appropriate adjustments to its investment in the project.

### 12. Stocks

	31.12.01 RM'000	31.12.00 RM'000
<i>Group</i>		
Stocks comprise the following:-		
(a) Raw materials	17	56
(b) Development properties held for sale	22,262	26,332
	<b>22,279</b>	26,388

The components of development properties held for sale are as follows:-

	31.12.01 RM'000	31.12.00 RM'000
At cost:		
Leasehold land	5,685	6,650
Development expenditure	35,864	41,951
	<b>41,549</b>	48,601
Provision for write down in value of development property	(19,287)	(22,269)
	<b>22,262</b>	26,332

## notes to the accounts

for the year ended 31 December 2001

### 13. Debtors

#### 2001

Group

	Trade debtors RM'000 (Note a)	Amounts owed by group undertakings+ RM'000 (Note b)	Amounts owed by related parties++ RM'000 (Note c)	Amounts owed by customers on consultancy contracts RM'000 (Note d)	Other debtors RM'000	Total RM'000
Gross amounts	<b>52,416</b>	<b>61,861</b>	<b>22,976</b>	<b>34,812</b>	<b>14,162</b>	<b>186,227</b>
Less : Provision for doubtful debts	–	<b>(15,987)</b>	<b>(6,374)</b>	<b>(651)</b>	–	<b>(23,012)</b>
	<b>52,416</b>	<b>45,874</b>	<b>16,602</b>	<b>34,161</b>	<b>14,162</b>	<b>163,215</b>
Amount due after one year						
Gross amounts	<b>9,441</b>	<b>33,147</b>	<b>15,346</b>	–	–	<b>57,934</b>
Less: Provision for doubtful debts	–	<b>(5,583)</b>	<b>(5,400)</b>	–	–	<b>(10,983)</b>
	<b>9,441</b>	<b>27,564</b>	<b>9,946</b>	–	–	<b>46,951</b>
Amount due within one year	<b>42,975</b>	<b>18,310</b>	<b>6,656</b>	<b>34,161</b>	<b>14,162</b>	<b>116,264</b>

#### 2000

Group

Gross amounts	26,390	74,168	24,125	34,720	15,778	175,181
Less : Provision for doubtful debts	–	(15,987)	(10,105)	(393)	–	(26,485)
	26,390	58,181	14,020	34,327	15,778	148,696
Amount due after one year						
Gross amounts	8,200	33,163	15,346	–	–	56,709
Less: Provision for doubtful debts	–	(5,583)	(5,400)	–	–	(10,983)
	8,200	27,580	9,946	–	–	45,726
Amount due within one year	18,190	30,601	4,074	34,327	15,778	102,970

+ Group undertakings comprise the parent undertaking and subsidiary undertakings of the parent undertaking.

++ These transactions were with companies in the Renong Bhd group, which are deemed to be related parties by reason of common directors, and significant equity holdings through the parent undertaking.

Note (a)

Included in trade debtors is income amounting to RM9,441,233 (2000 : RM8,200,354) which is receivable after one year.

## notes to the accounts

for the year ended 31 December 2001

### 13. Debtors (Cont'd)

Note (b)

The amount due after one year relates to a group undertaking which commenced a financial restructuring scheme in 1999. In conjunction with a financial restructuring scheme of the group undertaking, in 2000 the Group has entered into a conditional agreement with the group undertaking which contemplates a piece of land to be disposed of, or dealt with in any other manner deemed fit, by the group undertaking as settlement of the amount owed to the Group within six years from the agreement date. The finalisation of the settlement agreement is subject to the completion of a condition precedent set out therein. The Directors are of the view that the condition precedent will be fulfilled as contemplated in the agreement, and that the group undertaking will be able to settle at least the net amount in accordance with the agreement. The amount owed by the group undertaking is non interest-bearing.

Note (c)

The amount due after one year is in respect of a related party known to be facing liquidity constraints. During the year the Group entered into an agreement with the related party for a partial settlement of the debt amounting to RM4.98 million by properties in lieu of cash. The properties are pending the transfer of ownership. The amount owed by the related party is non interest-bearing.

Note (d)

The amounts owed by and to customers on consultancy contracts are analysed as follows:-

	<b>31.12.01</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>
Aggregate costs incurred to date	<b>283,832</b>	300,621
Add : Attributable profits	<b>224,193</b>	281,083
	<b>508,025</b>	581,704
Less : Progress billings	<b>(476,884)</b>	(548,432)
	<b>31,141</b>	33,272
Contract revenue recognised on consultancy contracts in the year	<b>209,969</b>	208,155
Contract costs recognised on consultancy contracts in the year	<b>111,031</b>	105,285
Amounts owed by customers on consultancy contracts	<b>34,161</b>	34,327
Amounts owed to customers on consultancy contracts (Note 16)	<b>3,020</b>	1,055
<i>Company</i>		
Amounts owed by group undertakings +	<b>47</b>	-
Amounts owed by related parties ++	<b>12</b>	18
Other debtors	<b>5,542</b>	3,074
	<b>5,601</b>	3,092

**notes** to the accounts

for the year ended 31 December 2001

**14. Current Asset Investments**

	<b>31.12.01</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Group</i>		
<b>Unit trust funds and loan stocks in Malaysia:</b>		
At the lower of cost and market value		
- Unit trust funds	<b>9,982</b>	10,154
- Loan stocks +	<b>202</b>	-
	<b>10,184</b>	10,154
Market value	<b>10,184</b>	10,154

+ This represents 5-year 2% Irredeemable Convertible Unsecured Loan Stocks which mature in 2005.

**15. Cash at Bank and in Hand**

Included in cash at bank and in hand of the Group is a deposit by a subsidiary undertaking amounting to RM1,094,132 (2000 : RM2,523,573) placed with a financial institution as surety to secure a loan granted to an associated undertaking, as disclosed in Note 11 to the accounts.

**16. Creditors – Amounts Falling Due Within One Year**

	<b>31.12.01</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Group</i>		
Current instalments due on loans (secured) (Note 18)	<b>4,555</b>	7,555
Bank overdraft (secured) (Note 18)	<b>3,639</b>	4,627
Obligations under hire purchase contracts	<b>172</b>	-
Trade creditors	<b>4,885</b>	9,333
Amounts owed to group undertakings+	-	32
Amounts owed to related parties++	<b>1,626</b>	11
Amounts owed to customers on consultancy contracts (Note 13(d))	<b>3,020</b>	1,055
Other creditors	<b>40,956</b>	33,947
	<b>58,853</b>	56,560

**notes to the accounts**

for the year ended 31 December 2001

**16. Creditors – Amounts Falling Due Within One Year (Cont'd)**

	31.12.01 RM'000	31.12.00 RM'000
<i>Company</i>		
Amounts owed to Group undertakings +	–	3
Amounts owed to related parties ++	3	3
Other creditors	2,778	999
	<b>2,781</b>	1,005

Details of security in respect of the borrowings, where relevant, are set out in Note 18.

+ *Group undertakings comprise the parent undertaking and subsidiary undertakings of the parent undertaking.*

++ *These related parties refer to companies in the Renong Bhd. group (Note 13).*

**17. Creditors – Amounts Falling Due After More Than One Year**

	31.12.01 RM'000	31.12.00 RM'000
Term loan (Note 18)	32,203	41,313
Obligations under hire purchase contracts	418	–
	<b>32,621</b>	41,313

**18. Borrowings***Group*

The following is a summary of the borrowings of the group:-

	Note	31.12.01 RM'000	31.12.00 RM'000
Bank overdraft	(a)	3,639	4,627
Short term loans		–	3,000
Term loans due in one year	(b)	4,555	4,555
Term loan due after one year	(b)	32,203	41,313
		<b>36,758</b>	48,868
		<b>40,397</b>	53,495

(a) Secured by fixed charge on the assets of a subsidiary. The average interest rate for the year was 4.25% per annum.

(b) Secured by corporate guarantee by the Company. The annual interest rates are at 1.5% over the three month Singapore Inter-Bank Offer Rate and 2.0% over the Base Lending Rate of the financial institution; the average interest rates for the year were 5.93% per annum and 8.62% per annum respectively.

**notes** to the accounts

for the year ended 31 December 2001

**18. Borrowings (Cont'd)**

All the above borrowings are floating rate financial liabilities.

	31.12.01 RM'000	31.12.00 RM'000
<b>Amounts falling due:</b>		
In one year or less or on demand	8,194	12,182
Between one and two years	9,110	9,110
Between two and five years	23,093	25,041
In more than five years	-	7,162
	<b>32,203</b>	41,313
	<b>40,397</b>	53,495

**19. Obligations Under Leases**

**Amounts due under hire purchase contracts :**

	31.12.01 RM'000	31.12.00 RM'000
<i>Group</i>		
Amounts payable :		
Within one year	172	-
In two to five years	418	-
	<b>590</b>	-

**Analysis of hire purchase contract:**

Repayment terms:

Minimum lease payments:

not later than one year	210	-
later than one year and not later than five years	506	-
	<b>716</b>	-
Future finance charge on hire purchase	<b>(126)</b>	-
Present value of hire purchase	<b>590</b>	-

Present value of hire purchase:

not later than one year	172	-
later than one year and not later than five years	418	-
	<b>590</b>	-

The above hire purchase bears interest at a rate of 5.35% per annum.

**notes to the accounts**

for the year ended 31 December 2001

**19. Obligations Under Leases (Cont'd)**

Annual commitments under operating leases are as follows:

	Land and buildings		Others	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
<i>Group</i>				
Operating leases which expire:				
Within one year	3,759	6,863	4,695	4,382
In two to five years	6,587	11,576	4,291	4,799
In over five years	240	99	–	–
	<b>10,586</b>	18,538	<b>8,986</b>	9,181

**20. Provision for Liabilities and Charges**

	Provision for employee entitlements	Deferred Taxation	Others	Total
	RM'000	RM'000 (Note 1)	RM'000 (Note 2)	RM'000
<i>Group</i>				
At 1 January	6,309	74	1,300	7,683
Exchange adjustment	389	–	–	389
Arising during the year	844	–	1,199	2,043
Utilised	(857)	–	(1,300)	(2,157)
Decrease during the year in the discounted amount arising from the passage of time	(474)	–	–	(474)
At 31 December	<b>6,211</b>	<b>74</b>	<b>1,199</b>	<b>7,484</b>

Provision for employee entitlements comprises provisions for long service leave and pre-retirement leave entitlements in respect of eligible employees. The provisions are in respect of such entitlements that have vested, and are made by reference to independent actuarial valuations. The provisions are determined based on the maximum remaining service period of 30 years and are discounted at applicable government bonds rates ranging from 5.62% to 8.74%. A full valuation of the plan is carried out by qualified actuaries on an annual basis.

## notes to the accounts

for the year ended 31 December 2001

### 20. Provision for Liabilities and Charges (Cont'd)

#### Note 1

Deferred taxation provided in the financial statements arises as follows:

	<b>31.12.01</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Group</i>		
Arising from:-		
Timing differences on foreign currency exchange differences	<b>74</b>	74
	<b>74</b>	74

#### Note 2

The amount provided in the previous year of RM1,300,000 relating to disputes with third parties on contracts entered into was settled during the year.

The amount arising during the year of RM1,199,000 relates to the provision for professional indemnity claims relating to work performed by a subsidiary undertaking. Provision is made on claims that have the likelihood of requiring settlements.

Estimated deferred tax benefits not provided in these financial statements are as follows:

	<b>31.12.01</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Group</i>		
Arising from:-		
Unrelieved tax losses	<b>13,562</b>	16,915
Capital allowances	<b>1,512</b>	1,913
Other timing differences	<b>6,446</b>	6,978
	<b>21,520</b>	25,806
	<b>21,520</b>	25,806
	<b>31.12.01</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Company</i>		
Arising from:-		
Unrelieved tax losses	<b>629</b>	1,236
Capital allowances	<b>290</b>	225
	<b>919</b>	1,461
	<b>919</b>	1,461

**notes to the accounts**

for the year ended 31 December 2001

**21. Derivatives and Other Financial Statements**

The section on "Derivatives and Other Financial Instruments" in the Directors' Report sets out a description of the Board's practices.

The disclosures (except for currency risk profile) exclude short term debtors and creditors as permitted by Paragraph 6 of FRS 13.

**(a) Interest rate risk profile of financial liabilities and financial assets**

The interest rate profile of the financial liabilities of the group as at 31 December was as follows:-

	<b>Fixed rate financial liabilities RM'000</b>	<b>Floating rate financial liabilities RM'000</b>	<b>Total RM'000</b>
<b>2001</b>			
Ringgit Malaysia	590	-	590
New Zealand Dollar	-	3,639	3,639
US Dollar	-	36,758	36,758
Philippine Peso	-	-	-
	<b>590</b>	<b>40,397</b>	<b>40,987</b>

	<b>Fixed rate financial liabilities RM'000</b>	<b>Floating rate financial liabilities RM'000</b>	<b>Total RM'000</b>
<b>2000</b>			
Ringgit Malaysia	-	3,000	3,000
New Zealand Dollar	-	4,627	4,627
US Dollar	-	45,868	45,868
Philippine Peso	-	-	-
	-	53,495	53,495

The rate on fixed rate financial liabilities applicable as at 31 December was as follows:-

	<b>31.12.01 RM'000</b>	<b>31.12.00 RM'000</b>
Ringgit Malaysia		
Weighted average interest rate (%)	<b>5.35</b>	-
Weighted average period for which rate is fixed (years)	<b>4</b>	-

**notes** to the accounts

for the year ended 31 December 2001

**21. Derivatives and Other Financial Statements (Cont'd)****(a) Interest rate risk profile of financial liabilities and financial assets (Cont'd)**

The Group has floating rate financial liabilities which comprise

- (i) US Dollar denominated bank overdraft that bears interest based on the US Dollar base rate of the financial institution as disclosed in Note 18;
- (ii) US Dollar denominated term loans that bear interest at rates based on the three month Singapore Inter-Bank Offer Rate as disclosed in Note 18; and
- (iii) Ringgit Malaysia denominated term loan and short term loan that bear interest at rates based on the Base Lending Rate of the financial institution as disclosed in Note 18.

The interest rate profile of the financial assets of the group as at 31 December was as follows:-

	<b>Fixed rate financial assets RM'000 (Note 1)</b>	<b>Floating rate financial assets RM'000 (Note 2)</b>	<b>Financial assets on which no interest is earned RM'000 (Note 3)</b>	<b>Total RM'000</b>
<b>2001</b>				
Ringgit Malaysia	202	11,699	41,034	52,935
New Zealand Dollar	-	9,988	2,957	12,945
US Dollar	-	-	10,130	10,130
Philippine Peso	-	504	10	514
	<b>202</b>	<b>22,191</b>	<b>54,131</b>	<b>76,524</b>

	<b>Fixed rate financial assets RM'000</b>	<b>Floating rate financial assets RM'000</b>	<b>Financial assets on which no interest is earned RM'000</b>	<b>Total RM'000</b>
<b>2000</b>				
Ringgit Malaysia	-	21,339	30,780	52,119
New Zealand Dollar	-	7,276	8,338	15,614
US Dollar	-	-	8,802	8,802
Philippine Peso	-	505	15	520
	-	<b>29,120</b>	<b>47,935</b>	<b>77,055</b>

## notes to the accounts

for the year ended 31 December 2001

### 21. Derivatives and Other Financial Statements (Cont'd)

#### (a) Interest rate risk profile of financial liabilities and financial assets (Cont'd)

Note 1

Included in fixed rate financial assets are the 5-year 2% Irredeemable Convertible Unsecured Loan Stocks which mature in 2005 as described in Note 14.

Note 2

Floating rate financial assets comprise fixed deposits placed with financial institutions, and unit trusts held as current asset investments. The fixed deposits placed with financial institutions attract interest at rates ranging from 4% to 4.25%.

Note 3

Financial assets on which no interest is earned mainly comprise amounts due from group undertakings after one year and long term investments in unlisted shares.

Included in the US Dollar financial assets is income receivable after one year as disclosed in Note 13.

The rate on financial assets applicable as at 31 December was as follows:-

	Fixed rate financial assets		Financial assets on which no interests is paid	
	31.12.01	31.12.00	31.12.01	31.12.00
	RM'000	RM'000	RM'000	RM'000
Weighted average interest rate (%)				
- Ringgit Malaysia	2	-	-	-
Weighted average period (years)				
- Ringgit Malaysia	5	-	4.7	6
- US Dollar	-	-	10.7	13

#### (b) Currency risk profile

The table below shows the group's currency exposures, i.e., those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the group that are not denominated in the operating currency of the operating unit involved.

**notes** to the accounts

for the year ended 31 December 2001

**21. Derivatives and Other Financial Statements (Cont'd)****(b) Currency risk profile (Cont'd)**

	Malaysian Ringgit RM'000	New Zealand Dollar RM'000	US Dollar RM'000	Others RM'000	Total RM'000
<b>2001</b>					
Malaysian Ringgit	-	127,687+	-	15,981+	143,668
New Zealand Dollar	-	-	1,343	650	1,993
US Dollar	(17,904)	-	-	363	(17,541)
Others	-	-	512	-	512
	<b>(17,904)</b>	<b>127,687</b>	<b>1,855</b>	<b>16,994</b>	<b>128,632</b>

	Malaysian Ringgit RM'000	New Zealand Dollar RM'000	US Dollar RM'000	Others RM'000	Total RM'000
<b>2000</b>					
Malaysian Ringgit	-	135,495+	-	22,905	158,400
New Zealand Dollar	-	-	-	1,170	1,170
US Dollar	(17,904)	-	-	-	(17,904)
Others	-	-	-	-	-
	<b>(17,904)</b>	<b>135,495</b>	<b>-</b>	<b>24,075</b>	<b>141,666</b>

+ These amounts relate to inter-company balances which are denominated in a different currency to the reporting currency of the operating unit involved and are included in the table above as they potentially give rise to currency gains and losses recognised in the profit and loss account.

**(c) Maturity of financial liabilities**

The maturity profile of the group's financial liabilities at 31 December was as follows:-

	31.12.01 RM'000	31.12.00 RM'000
In one year or less, or on demand	8,366	12,182
In more than one year but not more than two	9,528	9,110
In more than two years but not more than five	23,093	25,041
In more than five years	-	7,162
	<b>40,987</b>	<b>53,495</b>

**notes to the accounts**

for the year ended 31 December 2001

**21. Derivatives and Other Financial Statements (Cont'd)****(d) Borrowing facilities**

The group has various borrowing facilities available to it. The undrawn committed facilities available at 31 December in respect of which all conditions precedent had been met at the date are as follows:-

	<b>31.12.01</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>
Expiring in one year or less	<b>19,251</b>	15,746
Expiring in more than one year but not more than two years	-	-
Expiring in more than two years	-	-
	<b>19,251</b>	15,746

**(e) Fair values of financial assets and financial liabilities**

Set out below is a comparison by category of book values and fair values of all the group's financial assets and financial liabilities as at 31 December:-

	<b>Book value</b>	<b>Fair value</b>	<b>Book value</b>	<b>Fair value</b>
	<b>31.12.01</b>	<b>31.12.01</b>	<b>31.12.00</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Primary financial instruments</i>				
Short term borrowings and current portion				
of long term borrowings	<b>(8,366)</b>	<b>(8,366)</b>	(12,182)	(12,182)
Long term borrowings	<b>(32,621)</b>	<b>(32,621)</b>	(41,313)	(41,313)
Fixed asset investments	<b>2,218</b>	<b>2,218</b>	2,218	2,218
Long term debtors	<b>46,951</b>	<b>39,123+</b>	45,726	36,640
Current asset investments	<b>10,184</b>	<b>10,184</b>	10,154	10,154
Cash and short term deposits	<b>17,171</b>	<b>17,171</b>	28,903	28,903
<i>Derivative financial instruments held to     hedge the currency exposure on existing     assets and liabilities</i>				
Forward foreign currency contracts	-	-	-	757
<i>Derivative financial instruments held to     hedge the currency exposure on expected     future sales</i>				
Forward foreign currency contracts	-	<b>1</b>	-	-

+ Included in long term debtors is an amount owed by a group undertaking where settlement is anticipated at any point in time within six years from the date of a conditional agreement, as disclosed in Note 13(b). The fair values obtained by discounting the expected future cash flows within the six years at prevailing interest rate would range from RM17,711,818 to RM25,605,503 (2000 : RM17,331,925 to RM25,525,288).

## notes to the accounts

for the year ended 31 December 2001

### 21. Derivatives and Other Financial Statements (Cont'd)

#### (e) Fair values of financial assets and financial liabilities (Cont'd)

Market values have been used to determine the fair value of forward foreign currency contracts and current asset investments. The fair values of all other items have been determined based on their estimated net realisable values based on the normal business operating circle.

#### (f) Hedges

As and when the Group undertakes significant transactions denominated in foreign currencies, with continuing exposure over the applicable periods of settlement, the Group evaluates its exposure and the necessity to hedge such exposure, as well as the availability and cost of such hedging instruments.

Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised.

Unrecognised gains/losses on financial instruments used for hedging are not significant in the current and prior period.

#### (g) Market price risk

The Group's exposure to market price risk comprises interest rate and currency risk exposures.

Assuming no changes in the borrowings and no fluctuation in foreign exchange rates, it is estimated that a rise of 1 percentage point in interest rates in all the currencies which the Group has borrowings would affect profit before tax (by reference to the Group profit before tax for the 2001 financial year) by approximately 6.9%.

The exchange rate of the Malaysian Ringgit (RM) has been pegged to the US Dollar at RM3.80 to USD1.00 since September 1998, following the implementation of selective exchange controls by the Government of Malaysia. Notwithstanding, and for illustrative purposes, it is estimated that a strengthening of the RM by 1% against all the currencies in which, the Group does business would generate currency losses equal to 19.58% of the Group profit before tax for 2001.

### 22. Called Up Share Capital

	31.12.01	31.12.00
	RM'000	RM'000
<i>Group/Company</i>		
Authorised:		
200,000,000 ordinary shares of 25p each	<b>247,400</b>	247,400
Issued and fully paid:		
158,395,600 ordinary shares of 25p each	<b>197,175</b>	197,175

## notes to the accounts

for the year ended 31 December 2001

### 23. Movement on Reserves

	Profit and Loss Account			
	Goodwill	Exchange	Profit and	Total
	RM'000	fluctuation RM'000	Loss RM'000	RM'000
<i>Group</i>				
At 1 January 2001	(161,787)	30,572	117,688	(13,527)
Profit for the financial year	–	–	3,887	3,887
Currency translation differences on foreign currency net investments	–	4,555	–	4,555
<b>At 31 December 2001</b>	<b>(161,787)</b>	<b>35,127</b>	<b>121,575</b>	<b>(5,085)</b>

In view of the deficit in respect of goodwill previously written off, none of the above are considered distributable.

<b>31.12.01</b>	<b>31.12.00</b>
<b>RM'000</b>	<b>RM'000</b>

#### *Company*

At 1 January	<b>16,677</b>	16,054
Profit/(loss) for the financial year	<b>5,668</b>	623
<b>At 31 December</b>	<b>22,345</b>	16,677

The Company has sufficient Section 108 (Malaysian Income Tax Act 1967) credit at the balance sheet date to distribute all its distributable reserves by way of dividends without incurring further tax liability, subject to the agreement of the tax authorities.

### 24. (a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	GROUP		COMPANY	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
Operating profit/(loss)	5,316	(40,397)	5,137	115
Depreciation and impairment adjustment	5,316	29,937	203	252
Amortisation charges	3,784	3,693	4	–
Provision for employee entitlements	(13)	(523)	–	–
Write-off of tangible fixed assets	65	–	–	–
Stocks	7,091	12	–	–
(Write-back)/ provision for diminution in value of development properties held for sale	(2,982)	5,117	–	–
	<b>4,109</b>	5,129	–	–

**notes** to the accounts

for the year ended 31 December 2001

**24. (a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities (Cont'd)**

	GROUP		COMPANY	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
Debtors	(11,699)	(15,247)	(11,839)	(25,801)
(Write-back)/provision for doubtful debts	(3,473)	(651)	-	10,792
	(15,172)	(15,898)	(11,839)	(15,009)
Creditors	5,986	(7,755)	1,658	(849)
Exchange differences +	12,624	29,819	167	2,066
Net cash inflow/(outflow) from operating activities	22,015	4,005	(4,670)	(13,425)

+ The exchange difference arose mainly from foreign currency intercompany loans between certain subsidiary undertakings of the Group.

**24. (b) Reconciliation of Net Cash Inflow to Movements in Net Debt**

	GROUP		COMPANY	
	31.12.01 RM'000	31.12.00 RM'000	31.12.01 RM'000	31.12.00 RM'000
(Decrease)/ increase in cash per Cash Flow Statement	(2,953)	3,458	633	(983)
Cash from drawdown of short-term loans	(5,800)	-	-	-
Cash to repay short-term loans	13,355	11,000	-	-
Cash to repay long term loan	4,555	4,555	-	-
Cash to repay hire purchase	175	-	-	-
Cash outflow from deposits with financial institutions	(4,777)	(21,475)	-	(5,951)
Changes in net debt arising from cash flow	4,555	(2,462)	633	(6,934)
Exchange difference	(1,584)	(3,724)	-	-
Settlement of term loan via exchange with a fixed asset investment	-	142,602	-	-
Change recognised in market value of liquid current asset investments				
- addition of current asset investment	652	203	-	-
- provision of diminution in value	(622)	(3,935)	-	-
	30	(3,732)	-	-
Hire purchase facilities	(765)	-	-	-
Movement in net debt	2,236	132,684	633	(6,934)
Net debt at 1 January 2001	(16,962)	(149,646)	106	7,040
Net debt at 31 December 2001 (Note 24 (c))	(14,726)	(16,962)	739	106

**notes to the accounts**

for the year ended 31 December 2001

**24. (c) Analysis of Changes in Net Debt**

	<b>1.1.01</b>	<b>Cash flow</b>	<b>Other</b>	<b>Exchange</b>	<b>31.12.01</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>items</b>	<b>differences</b>	<b>RM'000</b>
			<b>RM'000</b>	<b>RM'000</b>	
Cash in hand/bank	9,937	(3,674)	–	(1,851)	<b>4,412</b>
Bank overdraft	(4,627)	721	–	267	<b>(3,639)</b>
	5,310	(2,953)	–	(1,584)	<b>773</b>
Liquid resources					
– current asset investments	10,154	–	30	–	<b>10,184</b>
– deposits with financial institutions	16,442	(4,777)	–	–	<b>11,665</b>
Loans	(48,868)	12,110	–	–	<b>(36,758)</b>
Hire purchase	–	175	(765)	–	<b>(590)</b>
	(16,962)	4,555	(735)	(1,584)	<b>(14,726)</b>

Liquid resources include:-

- (i) current asset investments that are readily convertible into cash at their carrying amounts or which are traded in an active market. The disposal of such investments would not result in curtailing or disrupting the Group's business; and
- (ii) deposits with financial institutions. The above amount of deposits with financial institutions, of RM11,665,134 (2000 : RM16,442,136) does not include the amount of RM1,094,132 (2000 : RM2,523,573), which represents a deposit placed with a financial institution as suretyship as disclosed in Note 15.

Non-cash transaction

- (a) During the year the company purchased tangible fixed assets amounting to RM12,409,000 out of which RM765,000 was acquired under hire purchase. The balance of the purchases amounting to RM11,644,000 was paid for by cash.
- (b) An amount of RM652,000 relating to debts owed by a group undertaking was settled by current assets investment (loan stocks) in lieu of cash.

	<b>1.1.01</b>	<b>Cash flow</b>	<b>Other</b>	<b>Exchange</b>	<b>31.12.01</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>items</b>	<b>differences</b>	<b>RM'000</b>
			<b>RM'000</b>	<b>RM'000</b>	
<i>Company</i>					
Cash in hand/ bank	96	633	–	–	<b>729</b>
Deposits with financial institutions	10	–	–	–	<b>10</b>
	106	633	–	–	<b>739</b>

## notes to the accounts

for the year ended 31 December 2001

### 25. Significant Events After Balance Sheet Date

#### EMPLOYEE SHARE OPTION PLAN ("ESOP")

On 22 April 2002, Opus International Consultants Limited ("OPUS"), a wholly-owned subsidiary undertaking, established an Employee Share Option Plan ("ESOP") for the employees of OPUS and its subsidiary undertakings. The principal terms of the ESOP are as follows:

- (a) The ESOP is a continuing scheme, wherein options may be offered continuously. Each option confers a right to purchase a Class A share in OPUS ("Plan Share"), which is a share conferring on its holder the rights attached to ordinary shares except that it carries no voting rights.
- (b) The options can only be exercised on a predetermined exercise date, which is currently the fifth (5) anniversary of the date of issue of the options.
- (c) The maximum number of Plan Shares to be available under the ESOP shall not exceed 2,500,000 Plan Shares, being 25% of the enlarged number of shares in issue of OPUS as at 31 December 2001, assuming full grant and exercise of options and after a proposed redemption of the existing 500,000 redeemable preference shares issued for NZD8.80 per share and the issuance of 4,500,000 new ordinary shares (for NZD4,400,000 in the aggregate) to Kinta Kellas NZ Ltd., a wholly-owned subsidiary undertaking of the Company.
- (d) The prices at which an employee of OPUS and its subsidiary undertakings is entitled to acquire the options and the Plan Shares are the fair values of the options and the Plan Shares respectively to be determined by (or in consultation with) OPUS' financial adviser, applying a recognised valuation methodology. Fair values of the options and the Plan Shares will be determined at the end of each quarter of the financial years that the ESOP is in existence and at any other time the Board of OPUS determines. On 22 April 2002, the prices of the option and the Plan Share were NZD0.17 and NZD4.96 respectively.

The shareholders of the Company are not required to approve the ESOP as the Kuala Lumpur Stock Exchange ("KLSE") had on 3 January 2002 confirmed that paragraph 6.31 of the KLSE Listing Requirements is not applicable to OPUS in respect of the ESOP.

### 26. Capital Commitments

	<b>31.12.01</b>	<b>31.12.00</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved by the Directors and contracted:-		
– for investments in overseas ventures by subsidiary undertaking	<b>5,379</b>	5,379

### 27. Parent Undertaking and Controlling Party

The Directors regard Khazanah Nasional Berhad, incorporated in Malaysia, as the ultimate parent undertaking and controlling party. United Engineers (Malaysia) Berhad is both the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of these financial statements are available from 5, Jalan 217, 46700 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

## statistics of shareholdings as at 29 March 2002

Authorised Share Capital	:	£50,000,000
Paid-up Share Capital	:	£39,598,900
Class of Shares	:	Ordinary Shares of 25p each
Voting Right	:	1 vote per ordinary share

### Statement of Size of Shareholdings

	No. of Shareholders	%	No. of Ordinary Shares	%
Less than 1,000	95	0.91	11,419	0.02
1,000 - 10,000	9,584	91.86	26,852,675	16.95
10,001 - 100,000	700	6.71	18,093,406	11.42
100,001 to less than 5% of issued shares	54	0.52	14,642,500	9.24
5% and above of issued shares	1	0.00	98,795,600	62.37
<b>Total</b>	<b>10,434</b>	<b>100.00</b>	<b>158,395,600</b>	<b>100.00</b>

### Location of Shareholders

Malaysia	10,302	98.74	157,073,672	99.16
Singapore	93	0.89	595,548	0.38
United Kingdom	15	0.14	59,760	0.04
Other foreign countries	24	0.23	666,620	0.42
<b>Total</b>	<b>10,434</b>	<b>100.00</b>	<b>158,395,600</b>	<b>100.00</b>

### Type of Shareholders

Malaysian – Individual	8,928	85.57	37,815,994	23.87
– Nominees companies	1,198	11.48	12,655,856	7.99
– Other companies	174	1.67	106,601,822	67.30
Singaporean	95	0.91	595,548	0.38
British	15	0.14	59,760	0.04
Other foreigners	24	0.23	666,620	0.42
<b>Total</b>	<b>10,434</b>	<b>100.00</b>	<b>158,395,600</b>	<b>100.00</b>

### Directors' Shareholdings as at 29 March 2002

Name of Director	Direct Interest (No. of Ordinary Shares)	Indirect Interest (No. of Ordinary Shares)	%
1. Tengku Tan Sri Dato' Seri Dr. Ahmad Rithauddeen Bin Tengku Ismail	–	–	0.00
2. Dato' Zaidan Bin Haji Othman	–	–	0.00
3. Dato' Mohd Nor Bin Idrus	–	–	0.00
4. Dato' Cheong Keap Tai	–	–	0.00
5. Datuk Dr. Zainal Aznam Bin Mohd Yusof	–	–	0.00
6. Dato' Lim Say Chong	–	–	0.00
7. Dato' Izham Bin Mahmud	–	–	0.00
8. En. Roslant Bin Abu	–	–	0.00
9. En. Azian Bin Osman	–	–	0.00
10. Mr. Lim Weng Ho	4,000*	–	0.00

\*Note = Insignificant

## statistics shareholdings as at 29 March 2002

### Statement on Thirty Largest Shareholders as at 29 March 2002

Shareholders	Shareholdings	%
1. Universal Trustee (Malaysia) Berhad (For United Engineers (Malaysia) Berhad)	98,795,600	62.37
2. Employees Provident Fund Board	1,985,000	1.25
3. Southern Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Saw Guan Keat Sdn Bhd)	1,106,000	0.70
4. Southern Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Saw Guan Keat)	835,000	0.53
5. Bank Kerjasama Rakyat Malaysia Berhad (As Beneficial Owner)	694,000	0.44
6. Arab-Malaysian Finance Berhad (Pledged Securities Account for Ta Kin Yan (Smart)	669,000	0.42
7. HSBC Nominees (Asing) Sdn Bhd (Credit Suisse First Boston Zurich for Credit Suisse)	500,000	0.32
8. Hong Leong Finance Berhad (Pledged Securities Account for Kam Wei Lin)	453,000	0.29
9. Malaysia Focus Investment Fund Limited (C/o Meridian Trust Company Ltd)	450,000	0.28
10. HDM Nominees (Tempatan) Sdn Bhd (DBS Vickers Secs (S) Pte Ltd for Ang Hooi Kuan)	416,000	0.26
11. Perbadanan Kemajuan Iktisad Negeri Kelantan	389,000	0.25
12. Piramid Tulin Sdn Bhd	359,000	0.23
13. Lembaga Tabung Haji	257,000	0.16
14. Sia Kwee Mow @ Sia Hok Chai	245,000	0.15
15. Bank Kerjasama Rakyat Malaysia Berhad (As Benefial Owner)	231,000	0.15
16. Chow Soon Fong	230,000	0.15
17. TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Cheng Teck Loong)	228,000	0.14
18. Permodalan Nasional Berhad	225,000	0.14
19. Arab-Malaysian Nominees (Tempatan) Sdn Bhd (MIDF Aberdeen Asset Management Sdn Bhd for Pertubuhan Keselamatan Sosial)	225,000	0.14
20. Tan Jin Tuan	213,000	0.13
21. EB Nominees (Tempatan) Sendirian Berhad (Pledgeed Securities Account for Beh Seng Huat)	210,000	0.13
22. Tengku Uzir bin Tengku Ubaidillah	203,000	0.13
23. Arab-Malaysian Nominees (Tempatan) Sdn Bhd (MIDF Aberdeen Asset Management Sdn Bhd for MIDF Investment Holdings Sdn Bhd)	200,000	0.13
24. Malaysian Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ngang Ching Tang)	198,000	0.13
25. Ong Yeok Kuan	198,000	0.13
26. Bimsec Nominees (Tempatan) Sdn Bhd (For Syarikat Takaful Malaysia Berhad)	186,000	0.12
27. PFM Capital Sdn Bhd	163,000	0.10
28. DB (Malaysia) Nominee (Asing) Sdn Bhd (UBS AG Singapore for Roadway Limited)	160,000	0.10
29. Sin Siaw Eng @ Chan Siew Yin	159,000	0.10
30. Leong Hon Wah	151,000	0.09
<b>Total No. of Shares</b>	<b>110,333,600</b>	<b>69.66</b>

### Statement on Substantial Shareholder as at 29 March 2002

United Engineers (Malaysia) Berhad	98,795,600	62.37
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## list of properties as at 31 December 2001

Location	Description	Purpose	Tenure	Age of the Properties	Area (Sq. Metres)	Net Book Value As at 31/12/2001 RM'000
46, Port Road, Whangarei New Zealand	Land & Building	Laboratory	Freehold	19 years	1,352	316
37, Bedfore Ave, Wanganui New Zealand	Land & Building	Laboratory	Freehold	37 years	2,415	156
Auckland Harbour Bridge, Auckland, New Zealand	Portable Site Office / Store	Store / Office	Freehold	2 years	32	6
Noi Bai Industrial Zone Quang Tien, Soc Son District Hanoi, Vietnam	Building	Office Building	Leasehold (50 years to 4/2044)	5 years	600	6,136

## recurrent related party transactions

On 4 December 2001, Kinta Kellas plc (“KK”) obtained the approval from the shareholders for a mandate for KK and its subsidiaries to enter into recurrent transactions in their ordinary course of business, with persons who are considered to be “Related Party” as defined in Chapter 10 of the Listing Requirements. The breakdown of the aggregate value received/receivable or paid/payable of the recurrent transactions made during the financial year is set out below:

### 1. Fees on Project Management Services received/receivable from:

	<b>RM</b>
• Expressway Lingkar Tengah Sdn Bhd	276,448.93
• Linkedua (Malaysia) Berhad	85,736.00
• Projek Lebuhraya Utara Selatan Berhad	1,882,879.01
• Powertron Resources Sdn Bhd	675,000.00
• Setia Haruman Sdn Bhd	12,626,920.00
• Tanjung Pinang Development Sdn Bhd	1,384,375.00
• TT dotCom Sdn Bhd	4,803,910.00
• TimeCel Sdn Bhd	2,205,145.00

### 2. Fees on Maintenance Management and Technical Consultancy Services received/receivable from:

	<b>RM</b>
• Expressway Lingkar Tengah Sdn Bhd	1,027,138.00
• Linkedua (Malaysia) Berhad	155,959.00
• Projek Lebuhraya Utara Selatan Berhad	16,334,871.00

### 3. Office Rental paid/payable to:

	<b>RM</b>
• Faber Union Sdn Bhd	2,219,312.88
• Projek Usahasama Transit Ringan Automatik Sdn Bhd	252,065.00

### 4. Telephone Charges paid/payable to:

	<b>RM</b>
• TT dotCom Sdn Bhd	232,385.23
• TimeCel Sdn Bhd	131,083.88

### 5. Training Expenses paid/payable to:

	<b>RM</b>
HBN Management Sdn Bhd	91,626.30

### 6. Administrative Fees paid/payable to:

	<b>RM</b>
HBN Management Sdn Bhd	525,000.00

## recurrent related party transactions

### Relationship with related parties

No.	Names of Related Party	Relationship
1.	Expressway Lingkaran Tengah Sdn Bhd	Wholly-owned subsidiary of United Engineers (Malaysia) Berhad ("UEM")
2.	Faber Union Sdn Bhd	Wholly-owned subsidiary of Faber Group Berhad, which in turn is a subsidiary of Renong Berhad
3.	HBN Management Sdn Bhd	Wholly-owned subsidiary of Renong Berhad
4.	Linkedua (Malaysia) Berhad	Wholly-owned subsidiary of UEM
5.	Projek Lebuhraya Utara Selatan Berhad	Wholly-owned subsidiary of UEM
6.	Powertron Resources Sdn Bhd	Associated company of EPE Power Corporation Berhad, which in turn is an associated company of Renong Berhad
7.	Projek Usahasama Transit Ringan Automatik Sdn Bhd	Wholly-owned subsidiary of Renong Berhad
8.	Setia Haruman Sdn Bhd	Associated company of Renong Berhad
9.	Tanjung Pinang Development Sdn Bhd	Subsidiary of Permaisjiana Ribu (M) Sdn Bhd, which in turn is a subsidiary of UEM
10.	TT dotCom Sdn Bhd	Wholly-owned subsidiary of TIME dotCom Berhad which in turn is an associated company of Renong Berhad
11.	TimeCel Sdn Bhd	Wholly-owned subsidiary of TIME dotCom Berhad which in turn is an associated company of Renong Berhad

## notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Seventy Fifth Annual General Meeting of the Company will be held at Nusantara Ballroom 2, Level 2, Sheraton Imperial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on 6 June 2002 at 11.00 a.m. for the following purposes:

### Agenda

#### As Ordinary Business

1. To receive and adopt the Audited Accounts for the year ended 31 December 2001 and the Directors' and Auditors' Reports thereon. **Resolution 1**
2. To approve Directors' fees. **Resolution 2**
3. (i) To re-appoint the Director, Tengku Tan Sri Dato' Seri Dr. Ahmad Rithauddeen bin Tengku Ismail pursuant to Section 293(5) of the UK Companies Act, 1985 as Director of the Company to hold office until the conclusion of the next Annual General Meeting. **Resolution 3(i)**  
(ii) To re-elect the Director, Mr. Lim Weng Ho in accordance with Article 101 of the Company's Articles of Association as Director of the Company. **Resolution 3(ii)**  
(iii) To re-elect the following Directors in accordance with Article 107 of the Company's Articles of Association as Directors of the Company:-
  - a. Dato' Mohd Nor bin Idrus **Resolution 3(iii)(a)**
  - b. Dato' Cheong Keap Tai **Resolution 3(iii)(b)**
  - c. Datuk Dr. Zainal Aznam bin Mohd Yusof **Resolution 3(iii)(c)**
  - d. Dato' Lim Say Chong **Resolution 3(iii)(d)**
  - e. Dato' Izham bin Mahmud **Resolution 3(iii)(e)**
  - f. En. Roslant bin Abu **Resolution 3(iii)(f)**
  - g. En. Azian bin Osman **Resolution 3(iii)(g)**
4. To re-appoint Auditors and to fix their remuneration. **Resolution 4**

#### As Special Business

To consider and if thought fit, to pass the following Ordinary Resolution:

#### 5. Proposed Renewal of The Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue Nature ("Proposed Renewal")

"That approval be and is hereby given to the Company and its subsidiaries to enter into and/or carry out the categories of recurrent Related Party Transactions of a revenue nature with those Mandated Parties as described in paragraph 2.1B of the Circular to Shareholders dated 8 May 2002 AND THAT the Directors be and are hereby authorised to complete or to do all such acts and things (including executing all relevant documents) to give effect to the recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution AND FURTHER THAT such authority shall commence immediately upon the passing of this Ordinary Resolution until:-

- i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by a resolution passed at a general meeting, the authority is renewed; or
  - ii) the expiration of the period within which the next Annual General Meeting after the date that is required by law to be held; or
  - iii) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting.
- whichever is the earlier." **Resolution 5**

6. To transact any other ordinary business of the Company for which due notice shall have been given. **Resolution 6**

By Order of The Board

#### ZAHARI AB WAHAB

Secretary

Kuala Lumpur  
8 May 2002

### Notes

- (i) A member entitled to attend and vote at Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or signed by an officer or attorney duly authorised.
- (iii) The instrument appointing a proxy must be deposited at the Company's Malaysian Share Registrar's office, Panama Resources Sdn. Bhd., No. 23, Jalan Sri Hartamas 7, Sri Hartamas, 50480 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed to hold the meeting or at any adjournment thereof.

### Explanatory notes on Special Business

Resolution 5 – Proposed renewal of the shareholders' mandate for Recurrent Related Party Transactions of a Revenue Nature ("Proposed Renewal").

The proposed Resolution 5 is to effect a renewal of the shareholders' mandate for KK and its subsidiaries to enter into recurrent Related Party Transactions of a revenue nature which are necessary for its day-to-day operations and transacted in the normal course of business, with the Mandated Parties. If the proposed Resolution 5 is passed at the forthcoming Annual General Meeting ("AGM"), the shareholders' mandate shall be renewed with effect from the date of the forthcoming AGM until the conclusion of the next AGM of the Company, or the expiration of the period up to the next AGM that is required to be held by law unless revoked or varied by a resolution passed by shareholders at a general meeting, whichever is the earlier, and shall apply to all recurrent Related Party Transactions entered or to be entered into with Mandated Parties from the date of the forthcoming AGM. Details on the proposed renewal of the shareholders' mandate are contained in paragraph 2.1 of the Circular to Shareholders dated 8 May 2002 of the Company which will be despatched together with the 2001 Annual Report of the Company.

## statement accompanying the notice of annual general meeting

1. A total of nine (9) Board Meetings were held during the financial year ended 31 December 2001, details of which are as follows:-

Date	Time	Venue
15 February 2001	10.45 a.m.	Kinta Kellas Public Limited Company, Boardroom, 5th Floor, Menara 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur.
14 May 2001	10.55 a.m.	Kinta Kellas Public Limited Company, Boardroom, 5th Floor, Menara 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur.
16 May 2001	10.00 a.m.	Sheraton Imperial Kuala Lumpur, Boardroom, Level 3, Jalan Sultan Ismail, 50250 Kuala Lumpur.
21 August 2001	12.15 p.m.	Kinta Kellas Public Limited Company, Boardroom, 5th Floor, Menara 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur.
25 October 2001	11.35 a.m.	Kinta Kellas Public Limited Company, Boardroom, 5th Floor, Menara 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur.
1 November 2001	10.00 a.m.	Kinta Kellas Public Limited Company, Boardroom, 5th Floor, Menara 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur.
20 November 2001	10.40 a.m.	Kinta Kellas Public Limited Company, Boardroom, 5th Floor, Menara 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur.
4 December 2001	10.00 a.m.	Hotel Equatorial Kuala Lumpur, Melati Room, Mezzanine Floor, Jalan Sultan Ismail, 50250 Kuala Lumpur.
14 December 2001	10.05 a.m.	Kinta Kellas Public Limited Company, Boardroom, 5th Floor, Menara 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur.

2. The Directors who resigned during the financial year ended 31 December 2001 were as follows:

- Resigned on 27 June 2001
  - Tan Sri Halim bin Saad
- Resigned on 14 December 2001
  - Dato' David Frederick Wilson;
  - Dato' Syed Md Amin bin Syed Jan Aljeffri; and
  - Dr. Ismail bin Abdul Rashid.

3. Seven (7) Directors have been appointed on 14 December 2001, they are:-

- (i) Dato' Mohd Nor bin Idrus;
- (ii) Dato' Cheong Keap Tai;
- (iii) Datuk Dr. Zainal Aznam bin Mohd Yusof;
- (iv) Dato' Lim Say Chong;
- (v) Dato' Izham bin Mahmud;
- (vi) En. Roslant bin Abu; and
- (vii) En. Azian bin Osman.

Please refer to pages 26 to 29 of directors' profile

4. The details of attendance of Directors at Board Meetings are as follows:

- (i) Tengku Tan Sri Dato' Seri Dr. Ahmad Rithauddeen bin Tengku Ismail attended all of nine (9) Board Meetings;
- (ii) Dato' Zaidan bin Haji Othman attended all of the nine (9) Board Meetings;
- (iii) Mr. Lim Weng Ho attended eight (8) out of the nine (9) Board Meetings; and
- (iv) Seven (7) Directors as named in point no. 3 above did not attend any Board Meeting as no Board Meeting was held during the period from the respective dates of their appointments to 31 December 2001.

# proxy form



Malaysia Registered No. 990925-H  
 UK Registered No. 214532  
 www.kkellas.com.my

No. of shares held

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Kinta Kellas Public Limited Company hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, the Chairman of the meeting as my/our proxy for me/us on my/our behalf, at the Seventy Fifth Annual General Meeting of the Company to be held at Nusantara Ballroom 2, Level 2, Sheraton Imperial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on 6 June 2002 at 11.00 a.m. or at any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an 'X' in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

	For	Against
Resolution 1		
Resolution 2		
Resolution 3 (i)		
Resolution 3 (ii)		
Resolution 3 (iii)(a)		
Resolution 3 (iii)(b)		
Resolution 3 (iii)(c)		
Resolution 3 (iii)(d)		
Resolution 3 (iii)(e)		
Resolution 3 (iii)(f)		
Resolution 3 (iii)(g)		
Resolution 4		
Resolution 5		
Resolution 6		

\_\_\_\_\_  
 Signature of Shareholder(s)

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

**Note:**

Amember entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend vote on his/her behalf. A proxy need not be a member of the Company. The instrument appointing such proxies must be deposited with the Company's Malaysian Share Registrar's office, Panama Resources Sdn Bhd, No. 23, Jalan Sri Hartamas 7, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time appointed to hold the meeting or at any adjournment thereof.

Affix  
Stamp

Share Registrar

**Kinta Kellas Public Limited Company**

C/O Panama Resources Sdn Bhd,

No. 23, Jalan Sri Hartamas 7,

Sri Hartamas,

50480 Kuala Lumpur

Malaysia.