

# TRENERGY

(MALAYSIA) BHD 206596-H

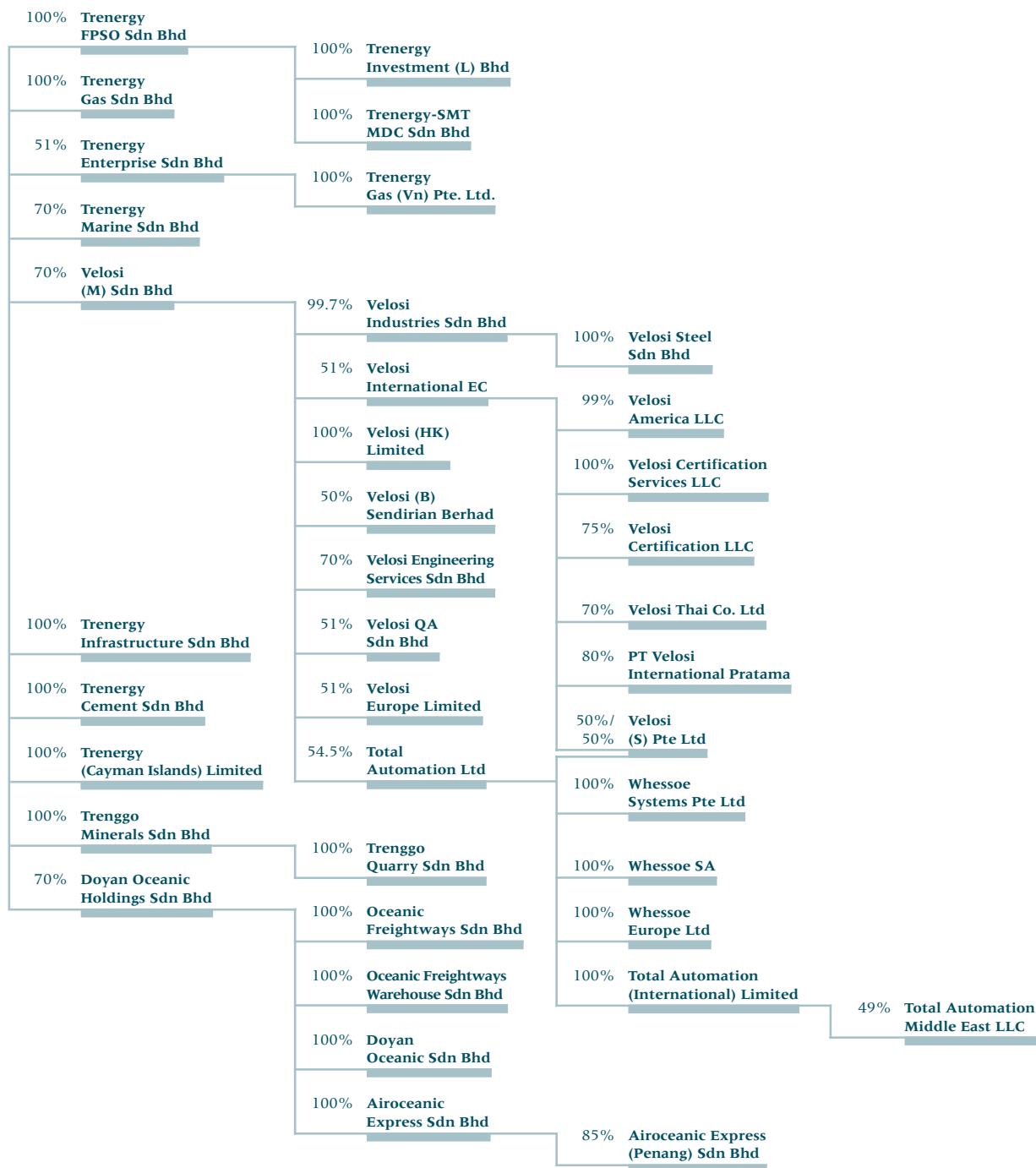
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# 2001

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## TREENERGY (MALAYSIA) BHD 206596-H



## BOARD OF DIRECTORS

YBhg. Dato' Dr. Nik Hussain bin Abdul Rahman

*Non-Executive Chairman*

Encik Baharin bin Salleh

*Managing Director*

Encik Nor Zainal bin Abdul Rahman

*Chief Operating Officer/Executive Director*

YBhg. Datuk Yahya bin Yaacob

*Independent Non-Executive Director*

YBhg. Dato' Abdul Rahman bin Nasir

*Independent Non-Executive Director*

YBhg. Dato' Azmil Khalili bin Dato' Khalid

*Non-Independent Non-Executive Director*

## SECRETARY

Encik Zainal Abidin bin Ahmad (LS6615)

## REGISTRAR

Malaysian Share Registration Services Sdn Bhd

7th Floor, Exchange Square

Bukit Kewangan

50200 Kuala Lumpur

Tel : 03 - 2026 8099

Fax : 03 - 2026 3736

## PRINCIPAL BANKERS

Arab-Malaysian Merchant Bank Berhad

Aseambankers Malaysia Berhad

Malaysian International Merchant Bankers Berhad

Standard Chartered Bank Malaysia Berhad

## AUDITORS

Arthur Andersen & Co.

## REGISTERED OFFICE

Suite 6-1, Level 6, Wisma UOA II

21 Jalan Pinang

50450 Kuala Lumpur

Tel : 03 - 2163 0919

Fax : 03 - 2163 0918

## STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange

– Second Board

Stock Name : Trenegy

Stock Code : 8559

# CHAIRMAN'S Statement

“On behalf of the Board of Directors, I am pleased to present you the Annual Report and Financial Statements of the Company and the Group for the year ended 31 December 2001”

## FINANCIAL PERFORMANCE

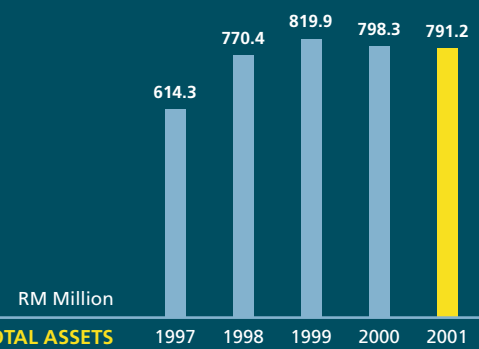
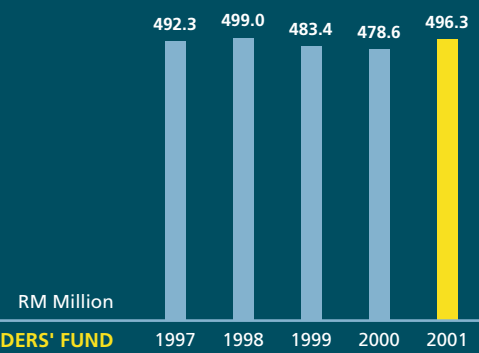
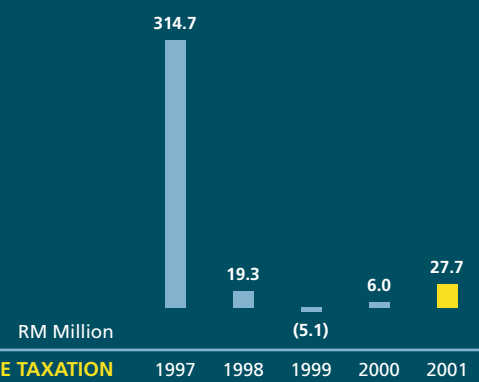
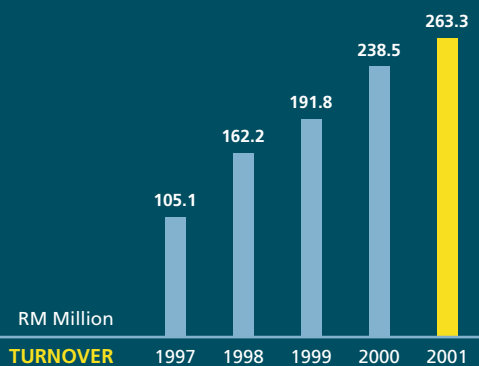
The Group's revenue, for 2001 increased by about 10% to RM263.3 million from RM238.5 million in the previous year. There was a significant improvement of 362% in profit before taxation for 2001 that totalled RM27.7 million compared to the previous year's RM6.0 million. This is mainly attributable to a substantial reduction in interest expense, improved performance of the operations in the Middle East and the contribution of the newly acquired tank gauging businesses in United Kingdom and France. Profit after taxation for 2001 was RM21.1 million compared to only RM0.7 million in 2000. The Group turned in a profit attributable to shareholders of RM14.2 million against a loss of RM3.4 million in the previous year. This translates into an earnings per share of 20.7 sen compared to a loss of 5.0 sen in 2000.

The Directors are adopting a prudent financial stance and are recommending a first and final gross dividend of 1 percent less tax for the financial year ended 31 December 2001.

## PROSPECTS

The local oil and gas industry is robust and the outlook appears promising with the anticipated improvement in global economy that will spur demand for energy. This is expected to spill over to the supporting oil and gas services that is a major part of the Group's activities. The Group will remain focussed on these core activities.

Total Automation Ltd's acquisition of the tank gauging business in 2001 proved to be a profitable venture and further efforts have been made to leverage on the new business particularly in the area of product and systems manufacture. The rest of the Velosi Group is expecting improved performance with increasing business activities in the Middle East and America. The Group continues to seek opportunities for the provision of efficient production systems as a solution to oil and gas field development.



**ACKNOWLEDGEMENT**

On behalf of the Board, I would like to thank the management and staff for their dedication, commitment and teamwork. We also acknowledge the support, co-operation and confidence of our partners, associates, bankers, shareholders, clients and suppliers.

It is indeed a great privilege for me to join the Board and I wish to thank Datuk Yahya bin Yaacob for his contributions during his tenure as Chairman and appreciate his continued role on the Board. I also extend a warm welcome to Dato' Azmil Khalili bin Dato' Khalid. I recognise and would like to appreciate the contributions of Dato' Chee Peck Kiat, Tuan Haji Kamaruddin bin Awang, Encik Ibrahim bin Bidin and Encik Madzri bin Ab Rahman during their tenure as directors of the Company.

**DATO' DR. NIK HUSSAIN BIN ABDUL RAHMAN**

Chairman

21 May 2002

Trenergy (Malaysia) Bhd was incorporated on 19 October 1990 and was listed on the Kuala Lumpur Stock Exchange - Second Board on 19 August 1992. It is principally an investment holding company with investments mainly in companies providing services to the oil and gas industry and on a smaller scale involved in businesses such as barite processing, quarry, freight forwarding and related logistic services.

In 1992, the Group had only one subsidiary, Trenggo Minerals Sdn Bhd, which processes barite ore into barite powder that is used by the oil and gas drilling industry as a weighting agent in drilling fluids to prevent blowouts of oil, gas or water to the surface. The Group later became more involved in the oil and gas industry with the acquisition of Velosi Group in 1994 that provides services to this sector. Velosi Group subsequently expanded into engineering and instrumentation by acquiring Total Automation Group (based in Singapore) in 1996. Early that same year, the Company also completed a major acquisition of Hercules Offshore Corporation, Texas, USA; a leading marine contractor then specialising in workover, completion and shallow water drilling service in the Gulf of Mexico. On 31 December 1997, Hercules Offshore Corporation was sold and the monies were invested in the construction of a Floating, Production, Storage and Offloading ("FPSO") vessel under Trenergy FPSO Sdn Bhd.

#### **TREENERGY FPSO SDN BHD**

Trenergy FPSO Sdn Bhd owns and operates an FPSO vessel named Perintis. Perintis is operating under a nine-year contract with Petronas Carigali Sdn Bhd in MASA (Malong, Sotong and Anding) oilfields, offshore Terengganu. It has one of the most extensive topside process plants in the region with facilities for crude oil processing, gas lift, gas export and water injection.

Perintis is now in its third year of operation. It is manned by an all Malaysian crew. During the year, the average oil production was 19,000 barrels per day and gas export averaged 41 million standard cubic feet per day. 18 crude offloading operations were performed with an estimated total of 7 million barrels of crude oil being offloaded to export tankers. To date, Perintis has operated with zero loss time incident.

#### **VELOSI GROUP**

Velosi Group comprises Total Automation Group and several other local and foreign subsidiaries. Apart from Total Automation Group, the rest of the Group is mainly in the provision of services to the oil and gas industry encompassing quality assurance and control, general inspection, corrosion monitoring and manpower supply.

Total Automation Ltd was founded in 1987 and was the first control and instrumentation specialist to be listed on the Stock Exchange of Singapore Dealing and Automated Quotation System (SESDAQ) in April 1999. The company was upgraded to the Main Board of the Singapore Exchange in August 2001. The Group is mainly involved in system design, equipment supply, equipment packaging, installation, commissioning and ongoing maintenance, and upgrading of instrumentation and process control systems.

Marine and offshore works remained buoyant throughout the year, with substantial increase in available businesses becoming evident during the last quarter of the year. This has allowed Total Automation Group to obtain some substantial and worthwhile contracts involving the upgrade and modification of instrumentation systems of nine LNG and LPG vessels with the works scheduled to take place in both the Far East and Middle East during 2002 and 2003. In January 2001, it acquired a tank gauging business in France and United Kingdom that proved to be a worthwhile investment and contributed substantially to the improvement of the Group's turnover and profitability. Quality and safety remain important objectives and Total Automation Ltd upgraded its ISO certification standard from 9002:1994 to 9001:2000 in the first quarter of the year.

The rest of the Velosi Group secured several significant contracts in the last quarter of the year in Malaysia, Middle East and the USA for maintenance and inspection services.

#### **DOYAN OCEANIC GROUP**

Doyan Oceanic Group is involved in freight forwarding, packing, warehousing and transportation. The Group has been holding its ground very well despite being in a highly competitive industry. This is mainly attributed to its good working relationship with its long term customers as well as great teamwork from its dedicated workforce, many of whom have served the Group for a long period.

The logistics sector faced a challenging year which saw low freight rates and the relocation of several manufacturing plants to countries such as China and Thailand. Despite this, the Group managed to remain competitive and achieved a high utilisation of its haulage capacity.

#### **OTHER BUSINESSES**

Trenggo Minerals Sdn Bhd's barite sales improved during the year with the increased demand from drilling activities. There has been no significant improvement in the construction sector and Trenggo Quarry Sdn Bhd's performance has not improved since the previous year.

## COMPOSITION

### Chairman

YBhg. Dato' Abdul Rahman bin Nasir  
*Independent Non-Executive Director*

### Members

YBhg. Datuk Yahya bin Yaacob  
*Independent Non-Executive Director*

Encik Baharin bin Salleh  
*Managing Director*

All members of the Committee have a working familiarity with basic finance and accounting practices, and one of its members i.e. Encik Baharin bin Salleh is a member of the Malaysian Institute of Accountants.

## MEETINGS

The Committee meets at least five times annually, or more frequently as circumstances dictate. As part of its duty to foster open communication, the Group Chief Financial Officer and a representative of the external auditors will normally attend the meetings. Other Board members may attend meetings upon invitation of the Committee. The Committee will meet at least once a year with the external auditors without the presence of the executive directors.

The Committee met five times during the year for the following purposes:

1. To review the financial statements before the quarterly announcements to KLSE.
2. To review the year-end financial statements together with external auditors' management letter and management's response.
3. To discuss with external auditors the audit plan and scope for the year as well as the audit procedures to be utilised.
4. To discuss with internal auditors on its scope of work, adequacy of resources and co-ordination with external auditors.
5. Review the reports prepared by the internal auditors on the state of internal control of the Group.

All members attended the above meetings.

## RESPONSIBILITIES AND DUTIES

The duties of the Committee shall be:

- (i) to review the following and report the same to the Board of Directors of the Company:-
  - (a) with the external auditor, the audit plan;
  - (b) with the external auditor, his evaluation of the system of internal controls;
  - (c) with the external auditor, his audit report;
  - (d) the assistance given by the employees of the Company to the external auditor;
  - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
    - (I) changes in or implementation of major accounting policy changes;
    - (II) significant and unusual events; and
    - (III) compliance with accounting standards and other legal requirements;
  - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (i) any letter of resignation from the external auditors of the Company; and
  - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
- (ii) to recommend the nomination of a person or persons as external auditors.
- (iii) to consider other topics, as defined by the Committee and/or the Board.

## INTERNAL AUDIT FUNCTION

The Company engaged two external firms during the year to evaluate the internal control procedures of the Group and to recommend improvements thereon. The recommendations of the firms are being implemented.

*A brief profile on the directors of the Company is set out below:*

#### **DATO' DR. NIK HUSSAIN BIN ABDUL RAHMAN**

Aged 66, was appointed as a Non-Independent Non-Executive Director to the Board on 19 March 2002 and assumed the chairmanship (Non-Independent Non-Executive) of the Company on 24 April 2002. He holds a Bachelor's Degree in Dental Surgery from the University of Singapore in 1960. He served as Deputy Minister of Works in 1976 to 1984 before venturing into business. He is also the Group Executive Chairman of MTD Capital Bhd.

#### **BAHARIN BIN SALLEH**

Aged 48, was appointed to the Board as an Executive Director on 26 February 1998. He holds a degree of Bachelor of Science and Bachelor of Commerce in Engineering Production and Economics from the University of Birmingham, England and a Masters degree in Business Administration from the University of Malaya. He is a member of the Malaysian Association of Certified Public Accountants (MACPA) and a Chartered Accountant with the Malaysian Institute of Accountants. He has also attended an Advanced Management Course at INSEAD in France. Encik Baharin has held various positions in Hongkong Bank Malaysia Berhad, Golden Hope Plantations Berhad, Metacorp Berhad and Intria Berhad.

#### **NOR ZAINAL BIN ABDUL RAHMAN**

Aged 48, was appointed to the Board as an Executive Director on 1 June 1998. He holds a Bachelor of Law (Honours) degree from the University of London, UK and is an Associate member of the Malaysian Association of Company Secretaries. Prior to joining Trenergy, he was the Company Secretary and Vice President, International Ventures Division of Telekom Malaysia Berhad, Company Secretary of Antah Group of Companies and Komplek Kewangan Sdn Bhd.

#### **DATO' ABDUL RAHMAN BIN NASIR**

Aged 65, was appointed to the Board of Trenergy on 1 July 1992. He retired from government service in mid-1992 as State Secretary of Terengganu, a post he held for eight years. Dato' Abdul Rahman was previously the State Financial Officer, for eleven years. He currently serves on the Boards of various companies.

#### **DATUK YAHYA BIN YAACOB**

Aged 58, was appointed as an Independent Non-Executive Director of the Board in 19 February 1999. He retired from government service in January 1999 where he last served as Secretary General at the Ministry of Works. Datuk Yahya spent his entire career in the government service, serving various Ministries including the Ministry of Information as Secretary General. Datuk Yahya, graduated with a Bachelor of Arts degree from the University of Malaya and also holds a Masters degree in Business Management from the Asian Institute of Management, Manila.

#### **DATO' AZMIL KHALILI BIN DATO' KHALID**

Aged 42, was appointed as a Non-Independent Non-Executive Director to the Board on 19 March 2002. He holds a Bachelor's Degree in Civil Engineering and Masters in Business Administration from Northrop University and California State University in 1983 and 1986 respectively. He served in Trust International Insurance and Citibank NA in 1986-1987 and 1987-1993 respectively before joining MTD Capital Bhd as General Manager, Corporate Planning. He was appointed the Group Managing Director of MTD Capital Bhd in 1996. He is also a director of several private limited companies.

All the above directors are Malaysian citizens.

## ATTENDANCE AT BOARD OF DIRECTORS' MEETING

The number of Board of Directors' meetings held during the directors' tenure in office in the financial year ended 31 December 2001 and the number of meetings attended by each director are as follows:

<b>Directors</b>	<b>Number of Board Meetings held during directors' tenure in office</b>	<b>Number of meetings attended by directors</b>
YBhg. Datuk Yahya bin Yaacob	5	5
Encik Baharin bin Salleh	5	4
Encik Nor Zainal bin Abdul Rahman	5	5
YBhg. Dato' Abdul Rahman bin Nasir	5	5
YBhg. Dato' Chee Peck Kiat	3	3
Dr. Nabil bin Tan Sri Abdul Jalil	1	1
Encik Madzri bin Ab. Rahman	5	4
Tuan Hj. Kamaruddin bin Awang	5	4
Encik Ibrahim bin Bidin (Alternate to Tuan Hj. Kamaruddin bin Awang)	5	1

## ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

**Family relationships with any Director and/or Major Shareholder**

Dato' Dr. Nik Hussain bin Abdul Rahman is the father-in-law of YBhg. Dato' Azmil Khalili bin Dato' Khalid.

**Convictions for Offences (within the past 10 years, other than traffic offences)**

None of the directors have any convictions for offences other than traffic offences.

The Group's policy is to achieve best practice in its standards of business integrity in all its activities around the world. This includes a commitment to follow the highest standards of corporate governance at all levels of the Group.

The Principles and Best Practices of the Malaysian Code on Corporate Governance ("the Code") published in October 2000, were incorporated into the revamped Listing Requirements of the Kuala Lumpur Stock Exchange. The principles of the Code are divided into four Sections:

Section 1: Directors

Section 2: Directors' Remuneration

Section 3: Shareholders

Section 4: Accountability and Audit

In preparing this report, the Board has considered the manner in which it has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

## SECTION 1: DIRECTORS

### Composition of the Board

The Board has six members. Four out of the six members are non-executive directors, two of whom are independent. No individual or group of individuals dominates the Board's decision making and the number of directors reflects the investment of the shareholders.

YBhg. Dato' Dr. Nik Hussain bin Abdul Rahman is the Chairman of the Board while Encik Baharin bin Salleh acts as the Managing Director. There is a clear division of responsibility between these two roles to ensure a balance of power and authority.

The Company considers that its complement of non-executive directors provides an effective Board with a mix of industry-specific knowledge and broad business and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to many aspects of the Company's strategy and performance so as to ensure that the highest standards of conduct and integrity are maintained by the Company on a global basis. The biographical details of the Board members are set out on page 9.

Two-thirds of the Board comprised non-executive directors since the Company recognises the contribution of non-executive directors as equal Board members to the development of the Company's strategy, the importance of representing the interests of public shareholders and providing a balanced and independent view to the Board. All non-executive directors are independent of management and free from any relationship which could interfere with their independent judgement.

In accordance with the requirements of the Code, YBhg. Datuk Yahya bin Yaacob has been appointed as the senior Independent Non-Executive Director to be available to deal with concerns regarding the Company where it could be inappropriate for these to be dealt with by the Chairman or the Managing Director.

### Board Responsibilities

The Board retains full and effective control of the Company. This includes responsibility for determining the Company's overall strategic direction as well as, development and control of the Group. Key matters, such as approval of annual and interim results, acquisitions and disposals, as well as material agreements, major capital expenditures, budgets, long range plans and succession planning for top management are reserved for the Board.

The Board has five regularly scheduled meetings annually. Special Board meetings for particular matters such as mergers, major acquisitions or disposals are held as and when necessary. In 2001, the Board held four regular meetings and one Special Board meeting. At each regularly scheduled meeting, there is a full financial and business review and discussion, including trading performance to date against the annual budget and financial plan previously approved by the Board for that year.

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report on Audit Committee set out on page 8), the Nominating Committee, the Remuneration Committee and the ESOS Committee.

### Supply of Information

Prior to each Board meeting, directors are sent an agenda and a full set of Board Papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board Papers include the following:

- current operating and business issues;
- product and service quality;
- proposals for capital expenditures;
- proposals for acquisitions and disposals; and
- proposals for senior executive appointments.

Directors have access to all information within the Company whether as full board or in their individual capacity, in furtherance of their duties. Directors also have direct access to the advice and the services of the Group's Company Secretary who is responsible for ensuring that Board procedures are followed.

### Appointments of the Board and Re-election

The Board has a Nominating Committee comprising 2 independent non-executive directors and one non-independent non-executive director. This Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director, provided that the Chairman of the Nominating Committee, in developing such recommendations, consults all directors and reflects that consultation in any recommendation of the Nominating Committee brought forward to the Board.

The Nominating Committee also ensures that the Board has an appropriate balance of expertise and ability. For this purpose, the Committee regularly reviews the profile of the required skills and attributes. This profile is used to assess the suitability as executive or non-executive directors of candidates put forward by the directors and outside consultants. In addition, the Committee also regularly assess the effectiveness of the Board as a whole and the contribution of each individual director.

The directors have direct access to the advice and the services of the Group's Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is

obtained from directors, both for the Group's own records and for the purposes of meeting the requirements of the Companies Act 1965, Listing Requirements of the KLSE and other regulatory requirements.

On appointment, directors take part in an induction programme where they receive information about the Group, with emphasis on the operations and the latest financial information about the Group. This is supplemented by visits to key locations and meetings with key senior executives of the Group. Throughout their period in office, they are updated on the Group's business, the competitive and regulatory environments in which it operates and other changes, by written briefings and meetings with senior executives. Directors are also advised on appointment of their legal and other obligations as a director of a listed company, both in writing and in face-to-face meetings with the Group's Company Secretary. They are reminded of these obligations each year and are encouraged to attend training courses at the Company's expense.

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third of the Board including the Managing Director is subject to re-election at regular intervals and at least once every three years.

## SECTION 2: DIRECTORS' REMUNERATION

### Remuneration Policy and Procedure

The Remuneration Committee is made up of two independent non-executive directors and one non-independent non-executive director. The Chairman of the Remuneration Committee is Datuk Yahya bin Yaacob. The Remuneration Committee reviews and approves the annual salaries, incentive arrangements, service arrangements and other employment conditions for the executive directors. Information prepared by independent consultants and appropriate survey data on the remuneration practices of comparable companies are taken into consideration.

Executive directors will not be present when matters affecting their own remuneration arrangements are considered. The Committee met two times during the financial year.

The determination of remuneration of non-executive directors is a matter for the Board as a whole.

The policy of the Remuneration Committee is in line with the Group's overall practice on compensation and benefits. This is to reward employees competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, it takes into account comparable roles in similar organisations. These may be similar in size, market sector, business complexity or international scope. As the Group is involved in global business, it takes into account remuneration packages outside Malaysia where a particular market warrants this approach.

The strategy for executive pay, in general terms, is for basic salaries to reflect the relevant market median, with total direct compensation (that is, basic salary, annual bonus payments and the value of long term incentives) to be at the upper quartile for outstanding performance.

The Committee considers that it is crucial to link a significant proportion of the total executive remuneration package to individual and corporate performance. It is the Committee's policy to increase the proportion of the total remuneration package linked to performance to align executive performance and reward with the interests of shareholders. Remuneration policy and arrangements are kept under regular review to achieve this objective and to ensure the Group can attract and retain executives of the necessary quality in a highly and increasingly competitive marketplace.

The remuneration package for the Chairman, Managing Director and other directors comprises some or all of the following elements:

- **Basic Salaries and Fees**

In setting the basic salary and fees for each executive director, the Remuneration Committee takes into account the compensation practices of other companies and the performance of each individual director. Salaries are reviewed (although not necessarily increased) annually. Salaries are increased only where the Committee believes that adjustments are appropriate to reflect performance, increased responsibilities and/or market pressures.

Fees payable to non-executive directors are determined by the Board with the approval from shareholders at the Annual General Meeting.

- **Annual Incentive Plan (Bonus Scheme)**

The Group operates a bonus and incentive scheme for all employees, including the executive directors. The criteria for the scheme are dependent on the financial performance of the Group based on an established formula. Bonus and incentives payable to the executive directors are reviewed by the Remuneration Committee and approved by the Board.

- **Retirement Plan**

Contributions are made to the Employees Provident Fund ("EPF"), the national mandatory defined contribution plan, in respect of all Malaysian-resident executive directors.

- **Other Benefits**

Other benefits include car and driver, personal telecommunications facilities, medical and dental cover for the executive director and immediate family.

- **Service Contracts**

At the moment the executive directors of the Company do not have service contracts. The Remuneration Committee is looking into this issue with a view to formulating a policy statement on this subject.

**Directors' Remuneration**

The details of the remuneration of Directors of the Company for the financial year 2001 are as follows:

Aggregate remuneration of directors categorised into appropriate components:

	<b>Salaries (RM)</b>	<b>Fees (RM)</b>	<b>Benefits in Kind (RM)</b>	<b>Total (RM)</b>
Executive Directors	1,066,430	–	45,950	1,112,380
Non-Executive Directors	–	113,500	–	113,500

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	<b>Number of Directors</b>	
	<b>2001</b>	<b>2000</b>
<b>Executive directors:</b>		
Below RM150,000	–	–
RM150,001 – RM200,000	–	1
RM200,001 – RM250,000	1	2
RM250,001 – RM350,000	–	–
RM350,001 – RM400,000	1	1
RM400,001 – RM450,000	–	1
RM450,001 – RM500,000	1	–
<b>Non-Executive directors:</b>		
Below RM50,000	5	4

**SECTION 3: SHAREHOLDERS****Dialogue Between the Company and Investors**

As part of the Board's responsibility in developing and implementing an investor relations programme, regular discussions are held between the Managing Director and Group Chief Financial Officer and analyst/investors throughout the year. Presentations based on permissible disclosures are made to explain the Group's performance and major development programmes. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to the KLSE has been made.

In addition, the annual reports, and other extensive information about the Company are available on [www.trenergy.com.my](http://www.trenergy.com.my).

**Annual General Meeting**

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting and annual reports are sent out to shareholders at least 21 days before the date of the meeting.

Besides the usual agenda for the Annual General Meeting, the Board presents the progress and performance of the business as contained in the annual report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All directors are available to provide responses to questions from the shareholders during these meetings.

For re-election of directors, the Board ensures that full information is disclosed through the notice of meetings regarding directors who are retiring and who are willing to serve if re-elected.

Items of special business included in the notice of the meeting are accompanied by an explanatory statement to facilitate full understanding and evaluation of the issues involved.

**SECTION 4: ACCOUNTABILITY AND AUDIT****Financial Reporting**

For financial reporting through quarterly reports to KLSE and the annual report to shareholders, the directors have a responsibility to present a fair assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 23 of this annual report.

**Internal Control**

The Company engaged two external firms during the year to evaluate the internal control procedures of the Group and to recommend improvements thereon. The recommendations of the firms are being implemented.

**Relationship with Auditors**

The role of the Audit Committee in relation to the external auditors may be found in the Report on Audit Committee set out on page 8. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

**Statement of Compliance with the Best Practices of the Code**

The Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set out in the Code.

Statement made in accordance with the resolution of the Board of Directors dated 21 May 2002.

**Dato' Dr. Nik Hussain bin Abdul Rahman**  
*Chairman*

This statement is prepared as required by the Listing Requirements of the KLSE.

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The directors consider that in preparing the financial statements,

- the Group and the Company have used appropriate accounting policies which are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The directors have a general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

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# Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December, 2001.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 4 to the financial statements.

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

## RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Net profit/(loss) after taxation	21,123,236	(1,945,052)
Minority interests	(6,924,023)	-
Net profit/(loss) for the year	<u>14,199,213</u>	<u>(1,945,052)</u>

## DIVIDENDS

Since the end of the previous financial year, and on 28 June, 2001, the Company paid a final dividend of 1% less 28% taxation amounting to RM491,030 as declared in respect of the financial year ended 31 December, 2000.

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 December, 2001 of 1% less 28% taxation amounting to a total dividend of RM509,124 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December, 2002.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statement of changes in equity.

## BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off for bad debts or provided for as doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

## CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

**VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

**CONTINGENT AND OTHER LIABILITIES**

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

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

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

**CHANGE OF CIRCUMSTANCES**

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

**ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

**SIGNIFICANT EVENTS**

Significant events during the financial year are as disclosed in Note 34 to the financial statements.

**SUBSEQUENT EVENT**

The subsequent event is as disclosed in Note 35 to the financial statements.

**EMPLOYEES' SHARE OPTION SCHEME**

The Trenergy (Malaysia) Bhd.'s Employees' Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 21 November, 2000 and became effective on 2 January, 2001 for a period of five years.

The main features of the ESOS are as follows:

- (a) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment with the Group and have served for at least 1 year before the date of offer. The eligibility for participation in the ESOS shall be at the discretion of the Committee appointed by the Board of Directors.
- (b) The total number of shares of the Company comprised in all of the options which may be offered under the Scheme shall not in aggregate exceed 10% of the issued and paid-up ordinary share capital of the Company.

**EMPLOYEES' SHARE OPTION SCHEME (CONT'D)**

- (c) The option price shall be the higher of the following:
  - (i) a price to be determined by the Board of Directors of the Company upon the recommendation of the Committee which may be at a discount of not more than 10% of the weighted average market price of the shares for the 5 market days immediately preceding the date on which an offer on the option price is made by the Committee in writing to an eligible employee; or
  - (ii) the par value of the shares.
- (d) The number of shares offered shall neither be less than 1,000 shares nor more than the maximum allowable allocation for such eligible employee. The maximum allowable allocation of the shares to be offered to an eligible employee in accordance with the Scheme shall be as follows:

<b>Designation</b>	<b>Maximum Allowable Allocation (No. of shares)</b>
Executive Directors with Group responsibilities	500,000
Executive Directors and Senior Executives	330,000 – 400,000
Senior Executives	230,000 – 300,000
Heads of departments, branches or minor subsidiaries	130,000 – 200,000
Executives	50,000 – 100,000
Non-executives	10,000 – 20,000

- (e) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Committee within 30 days from the date of offer in such a manner and form prescribed by the Committee accompanied by a non-refundable payment to the Company of RM1 only for all the shares comprised in the option.
- (f) An option may be exercised by the grantee on any working day during the option period (or such other period as may be approved by the Committee). The option granted herein shall be capable of being exercised in the following manner.

<b>Number of options granted</b>	<b>Percentage of Options Exercisable</b>		
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Below 20,000	100%	–	–
20,000 and above	40% <sup>1</sup>	30%	30% <sup>2</sup>

<sup>1</sup> 40% or 20,000 Options, whichever is higher  
<sup>2</sup> 30% or the remaining number of Options exercised

- (g) The option is personal to the grantee and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever. In the event that a Grantee dies before the expiration of the option period and at the date of his/her death held an unexercised option or options, such unexercised option or options may be exercised not later than 24 months after the date of his/her death by the grantee's nominee.
- (h) The new shares to be allocated to the grantees upon any exercise of an option will upon issue and allotment rank pari passu in all respects with the then existing issued and paid-up shares of the Company except that the shares so allocated shall not rank for any dividends, rights or distributions declared for the previous financial year or the record date of which is before the relevant date of allotment of the shares to that grantee and will be subject to all provisions of the Articles of Association (including those relating to transfer and transmission).

**EMPLOYEES' SHARE OPTION SCHEME (CONT'D)**

On 21 January, 2001, 204 employees were offered options to exercise 6,819,000 shares in the Company at an option price of RM1.57 per share. At the closing date for acceptance, 203 employees accepted the options to exercise a total of 6,813,000 shares and 2,513,000 options have been exercised up to 31 December, 2001.

**DIRECTORS**

The directors who served since the date of the last report are:

Datuk Yahya bin Yaacob

Baharin bin Salleh

Nor Zainal bin Abdul Rahman

Dato' Abdul Rahman bin Nasir

Dato' Dr. Nik Hussain bin Abdul Rahman (appointed on 19 March, 2002)

Dato' Azmil Khalili bin Dato' Khalid (appointed on 19 March, 2002)

Dato' Chee Peck Kiat @ Chee Peck Jan (resigned on 18 June, 2001)

Hj. Kamaruddin @ Kamaluddin bin Awang (resigned on 15 February, 2002)

Ibrahim bin Bidin (alternate to Hj. Kamaruddin @ Kamaluddin bin Awang) (resigned on 15 February, 2002)

Madzri bin Ab. Rahman (resigned on 5 March, 2002)

In accordance with the Company's Articles of Association, Baharin bin Salleh, Dato' Dr. Nik Hussain bin Abdul Rahman and Dato' Azmil Khalili bin Dato' Khalid retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

**DIRECTORS' BENEFITS**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted pursuant to the ESOS of the Company.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Notes 23 and 24 to the financial statements or the fixed salary of a full-time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a corporation in which he has a substantial financial interest.

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of the directors in office at the end of the financial year in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each				31 December, 2001
	1 January, 2001	Bought	ESOS exercised	Sold	
<b>The Company</b>					
<b>Direct</b>					
Baharin bin Salleh	–	–	50,000	(10,000)	40,000
Nor Zainal bin Abdul Rahman	–	–	80,000	(8,000)	72,000
Madzri bin Ab. Rahman	–	–	45,000	(35,000)	10,000

DIRECTORS' INTERESTS (CONT'D)

Employees' Share Option Scheme	1 January, 2001	Number of Options		31 December, 2001
		Granted	Exercised	
<b>The Company</b>				
<b>Direct</b>				
Baharin bin Salleh	–	250,000	(50,000)	200,000
Nor Zainal bin Abdul Rahman	–	200,000	(80,000)	120,000
Madzri bin Ab. Rahman	–	115,000	(45,000)	70,000

Other than as stated above, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

AUDITORS

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board  
in accordance with a resolution  
of the directors

**BAHARIN BIN SALLEH**

**NOR ZAINAL BIN ABDUL RAHMAN**

Kuala Lumpur  
29 April 2002

We, BAHARIN BIN SALLEH and NOR ZAINAL BIN ABDUL RAHMAN, being two of the directors of TREENERGY (MALAYSIA) BHD., do hereby state that, in the opinion of the directors, the financial statements set out on pages 25 to 59 give a true and fair view of the state of affairs of the Group and the Company as at 31 December, 2001 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

Signed on behalf of the Board  
in accordance with a resolution  
of the directors

**BAHARIN BIN SALLEH**

**NOR ZAINAL BIN ABDUL RAHMAN**

Kuala Lumpur  
29 April 2002

## Statutory Declaration

I, YAN YING CHIEH, the officer primarily responsible for the financial management of TREENERGY (MALAYSIA) BHD., do solemnly and sincerely declare that the financial statements set out on pages 25 to 59 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by            )  
the abovenamed YAN YING CHIEH            )  
at KUALA LUMPUR                                )  
29 April 2002                                    )  
**YAN YING CHIEH**

Before me:

**PHANG YOKE LIN W364**  
Commissioner for Oaths

# Auditors' Report

To the Shareholders of  
TREENERGY (MALAYSIA) BHD.

We have audited the financial statements set out on pages 25 to 59. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
  - (i) the state of affairs of the Group and the Company as at 31 December, 2001 and of their results and their cash flows for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, as indicated in Note 4 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Malaysia, did not include any comment made under subsection (3) of Section 174 of the Act.

**Arthur Andersen & Co.**  
No. AF 0103  
Chartered Accountants

**Pushpanathan a/l S.A. Kanagarayar**  
No. 1056/03/03(J/PH)  
Partner of the Firm

29 April 2002

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	<b>618,436,577</b>	651,459,276	<b>216,699</b>	517,837
Subsidiaries	4	–	–	<b>47,308,702</b>	32,308,702
Associated companies	5	<b>1,105,897</b>	687,141	–	–
Other investments	6	<b>67,094</b>	88,979	–	–
Intangible assets	7	<b>25,939,630</b>	12,091,768	–	–
		<b>645,549,198</b>	664,327,164	<b>47,525,401</b>	32,826,539
<b>CURRENT ASSETS</b>					
Inventories	8	<b>20,988,794</b>	12,125,675	–	–
Trade receivables	9	<b>54,134,753</b>	41,396,497	–	–
Other receivables	10	<b>8,593,445</b>	9,175,744	<b>552,123</b>	532,339
Due from subsidiaries		–	–	<b>463,358,582</b>	478,783,223
Cash and bank balances	11	<b>61,912,026</b>	71,300,963	<b>3,664,703</b>	1,323,310
		<b>145,629,018</b>	133,998,879	<b>467,575,408</b>	480,638,872
<b>CURRENT LIABILITIES</b>					
Short term borrowings	12	<b>32,318,690</b>	32,692,116	<b>12,523,418</b>	12,326,090
Ijara Wa Iktina payable	17	<b>34,200,000</b>	30,400,000	–	–
Trade payables		<b>17,800,004</b>	15,496,989	–	–
Other payables	14	<b>27,040,056</b>	24,648,988	<b>122,069</b>	169,910
Taxation		<b>4,477,142</b>	3,411,059	<b>132,709</b>	132,709
Proposed dividend		–	491,030	–	491,030
		<b>115,835,892</b>	107,140,182	<b>12,778,196</b>	13,119,739
<b>NET CURRENT ASSETS</b>		<b>29,793,126</b>	26,858,697	<b>454,797,212</b>	467,519,133
		<b>675,342,324</b>	691,185,861	<b>502,322,613</b>	500,345,672
<b>FINANCED BY:</b>					
Share capital	15	<b>70,711,631</b>	68,198,631	<b>70,711,631</b>	68,198,631
Reserves		<b>425,548,599</b>	410,376,202	<b>431,610,982</b>	432,123,624
Shareholders' equity		<b>496,260,230</b>	478,574,833	<b>502,322,613</b>	500,322,255
Minority interests		<b>32,275,740</b>	26,500,272	–	–
		<b>528,535,970</b>	505,075,105	<b>502,322,613</b>	500,322,255
Long term borrowings	16	<b>5,984,473</b>	14,431,359	–	23,417
Ijara Wa Iktina payable	17	<b>132,973,252</b>	167,168,389	–	–
Provision for retirement benefits	18	<b>457,338</b>	–	–	–
Long term payable	19	<b>512,983</b>	–	–	–
Deferred taxation	20	<b>6,878,308</b>	4,511,008	–	–
Non-current liabilities		<b>146,806,354</b>	186,110,756	–	23,417
		<b>675,342,324</b>	691,185,861	<b>502,322,613</b>	500,345,672
Net tangible assets per share		<b>RM6.65</b>	RM6.84		

The accompanying notes are an integral part of these balance sheets.

# Income Statements for the year ended 31 December 2001

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
Revenue					
Continuing operations		<b>263,027,370</b>	238,118,750	<b>363,906</b>	576,291
Discontinued operations		<b>239,949</b>	372,424	–	–
	21	<b>263,267,319</b>	238,491,174	<b>363,906</b>	576,291
Other operating income	22	<b>2,717,424</b>	3,707,402	<b>56,253</b>	259,680
Changes in inventories of finished goods and work in progress		<b>(6,545,205)</b>	1,433,894	–	–
Raw materials and consumables used		<b>(28,464,721)</b>	(20,351,393)	–	–
Staff costs	23	<b>(81,508,298)</b>	(77,749,701)	<b>(684,309)</b>	(1,360,384)
Depreciation		<b>(37,928,576)</b>	(37,641,315)	<b>(301,138)</b>	(334,162)
Other operating expenses	25	<b>(70,106,184)</b>	(79,529,643)	<b>(537,195)</b>	(3,588,735)
Profit/(loss) from operations		<b>41,431,759</b>	28,360,418	<b>(1,102,483)</b>	(4,447,310)
Continuing operations		<b>42,004,454</b>	32,118,904	<b>(1,102,483)</b>	(4,447,310)
Discontinued operations		<b>(572,695)</b>	(3,758,486)	–	–
Interest expense		<b>(14,140,446)</b>	(22,524,867)	<b>(842,589)</b>	(897,856)
Income from associated companies		<b>445,820</b>	133,329	–	–
Profit/(loss) before taxation		<b>27,737,133</b>	5,968,880	<b>(1,945,052)</b>	(5,345,166)
Taxation	26	<b>(6,613,897)</b>	(5,225,508)	–	–
Net profit/(loss) after taxation		<b>21,123,236</b>	743,372	<b>(1,945,052)</b>	(5,345,166)
Minority interests		<b>(6,924,023)</b>	(4,164,846)	–	–
Net profit/(loss) for the year		<b>14,199,213</b>	(3,421,474)	<b>(1,945,052)</b>	(5,345,166)
Earnings/(loss) per share	27	<b>20.66 sen</b>	(5.02) sen		
Diluted earnings/(loss) per share	27	<b>20.19 sen</b>	(5.02) sen		

The accompanying notes are an integral part of these statements.

# Statements of Changes in Equity for the year ended 31 December 2001

Group	← Non-distributable →					Distributable	Total RM
	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Reserve on Consolidation RM	Translation Reserve RM	Retained Profits RM	
At 31 December, 1999 as previously reported	68,198,631	106,818,575	704,251	1,752,460	2,617,641	305,792,963	485,884,521
Prior year adjustment (Note 30)	-	-	-	-	-	(2,460,402)	(2,460,402)
At 1 January, 2000 as restated	68,198,631	106,818,575	704,251	1,752,460	2,617,641	303,332,561	483,424,119
Currency translation differences	-	-	-	-	(936,782)	-	(936,782)
Net loss for the year	-	-	-	-	-	(3,421,474)	(3,421,474)
Dividends (Note 31)	-	-	-	-	-	(491,030)	(491,030)
At 31 December, 2000	68,198,631	106,818,575	704,251	1,752,460	1,680,859	299,420,057	478,574,833
At 31 December, 2000 as previously reported	68,198,631	106,818,575	704,251	1,752,460	1,680,859	302,624,104	481,778,880
Prior year adjustment (Note 30)	-	-	-	-	-	(3,204,047)	(3,204,047)
At 1 January, 2001	68,198,631	106,818,575	704,251	1,752,460	1,680,859	299,420,057	478,574,833
Currency translation differences	-	-	-	-	(459,226)	-	(459,226)
Share issue – ESOS	2,513,000	1,432,410	-	-	-	-	3,945,410
Net profit for the year	-	-	-	-	-	14,199,213	14,199,213
At 31 December, 2001	<b>70,711,631</b>	<b>108,250,985</b>	<b>704,251</b>	<b>1,752,460</b>	<b>1,221,633</b>	<b>313,619,270</b>	<b>496,260,230</b>

## Company

	Non-distributable		Distributable	Total RM
	Share Capital RM	Share Premium RM	Retained Profits RM	
At 1 January, 2000	68,198,631	106,818,575	331,141,245	506,158,451
Net loss for the year	-	-	(5,345,166)	(5,345,166)
Dividend (Note 31)	-	-	(491,030)	(491,030)
At 31 December, 2000	68,198,631	106,818,575	325,305,049	500,322,255
Share issue – ESOS	2,513,000	1,432,410	-	3,945,410
Net loss for the year	-	-	(1,945,052)	(1,945,052)
At 31 December, 2001	<b>70,711,631</b>	<b>108,250,985</b>	<b>323,359,997</b>	<b>502,322,613</b>

The accompanying notes are an integral part of these statements.

# Cash Flow Statements for the year ended 31 December 2001

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before taxation	27,737,133	5,968,880	(1,945,052)	(5,345,166)
Adjustments for:				
Unrealised foreign exchange loss	300	8,706	–	–
Depreciation	37,928,576	37,641,315	301,138	334,162
Amortisation of goodwill	870,026	640,537	–	–
Amortisation of trade licences	520,829	–	–	–
Amortisation of quarry development expenditure	38,376	38,376	–	–
Interest income	(1,525,902)	(2,122,587)	–	–
Interest expense	14,140,446	22,524,867	842,589	897,856
Property, plant and equipment written off	581,722	224	–	–
Gain on disposal of property, plant and equipment	(745,795)	(196,622)	(43,000)	(16,320)
Adjustment to property, plant and equipment	(1,632,568)	–	–	–
Provision for diminution in value of investments	16,722	108,169	–	–
Gain on disposal of investments	–	(99,807)	–	–
Write back of provision for doubtful debts	(315,944)	–	–	–
Provision for doubtful debts	347,373	2,822,687	–	2,743,340
Bad debts written off	722,177	227,593	–	–
Inventories written down	51,299	–	–	–
Raw materials written off	922,500	–	–	–
Provision for retirement benefits	66,024	–	–	–
Income from associated companies	(445,820)	(133,329)	–	–
Property, plant and equipment written down in relation to discontinuance of operations by certain subsidiaries	–	4,235,248	–	–
Operating profit/(loss) before working capital changes	79,277,474	71,664,257	(844,325)	(1,386,128)
Increase in inventories	(5,460,172)	(1,162,032)	–	–
(Increase)/decrease in receivables	(7,573,508)	5,215,862	216	23,982
Decrease in due from subsidiaries	–	–	404,641	559,398
Decrease in due from associated companies	22,353	646,014	–	–
Increase/(decrease) in payables	1,334,854	(27,434,067)	(47,841)	67,088
Cash generated from/(used in) operations	67,601,001	48,930,034	(487,309)	(735,660)
Interest paid	(14,840,973)	(20,954,974)	(842,589)	(900,262)
Taxation paid	(3,173,398)	(4,208,689)	–	(1,075,018)
Net cash generated from/(used in) operating activities	49,586,630	23,766,371	(1,329,898)	(2,710,940)

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Net cash used for acquisition of a subsidiary (Note 4)	(8,949,597)	–	–	–
Purchase of trade licences	(12,114,939)	–	–	–
Purchase of investments	–	(574,326)	–	(174,998)
Proceeds from sale of investments	–	529,261	–	–
Purchase of property, plant and equipment	(2,563,867)	(5,609,988)	–	(12,150)
Proceeds from disposal of property, plant and equipment	1,756,396	461,125	43,000	157,000
Interest income received	1,513,443	2,122,587	–	–
Net cash (used in)/generated from investing activities	(20,358,564)	(3,071,341)	43,000	(30,148)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayment of Ijara Wa Iktina facility	(30,395,137)	(11,398,176)	–	–
Drawdown of term loans	–	23,998,447	–	–
Withdrawal/(placement) of fixed deposits	337,538	(380,867)	–	–
Repayment of term loans	(10,225,414)	(5,595,754)	–	–
Repayment of hire purchase payables	(655,541)	(1,645,326)	(126,089)	(269,323)
Drawdown of short term borrowing	2,353,197	979,951	300,000	–
Repayment of short term borrowings	(2,150,950)	–	–	–
Proceeds from issuance of shares	3,945,410	90,000	3,945,410	–
Dividend paid to shareholders	(491,030)	(491,030)	(491,030)	(491,030)
Dividend paid to minority shareholders	(318,396)	(325,980)	–	–
Net cash (used in)/generated from financing activities	(37,600,323)	5,231,265	3,628,291	(760,353)
Effects of exchange rate changes	(967,942)	(746,507)	–	–
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(9,340,199)</b>	<b>25,179,788</b>	<b>2,341,393</b>	<b>(3,501,441)</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR</b>	<b>63,863,418</b>	<b>38,683,630</b>	<b>1,323,310</b>	<b>4,824,751</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF YEAR</b>	<b>54,523,219</b>	<b>63,863,418</b>	<b>3,664,703</b>	<b>1,323,310</b>
Cash and cash equivalents comprise:				
Cash on hand and at banks	11,034,886	9,084,563	664,703	385,686
Deposits with licensed banks	49,717,458	60,719,180	3,000,000	937,624
Bank overdrafts	(6,229,125)	(5,940,325)	–	–
	54,523,219	63,863,418	3,664,703	1,323,310

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 4. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Kuala Lumpur Stock Exchange. The registered office of the Company is located at Suite 6-1, Level 6, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur.

The number of employees in the Group and in the Company at the end of the financial year were 927 (2000 : 891) and 12 (2000 : 14) respectively.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

The promulgated standard MASB 19: Events After the Balance Sheet Date has been adopted prior to its effective date. Early adoption of this standard did not result in any adjustment to the prior year's financial statements.

### (b) Revenue Recognition

- (i) Revenue from provision of services to the oil and gas industry is recognised when bills are rendered. Bills are rendered either on completion of a contract or on the basis of completed work certified by the customers.
- (ii) Revenue from the provision of freight forwarding services is recognised net of discounts upon completion of services rendered.
- (iii) Revenue relating to sale of goods is recognised net of sales tax, trade returns and discounts when transfer of risks and rewards have been completed.
- (iv) Dividend income is recognised when the shareholders' right to receive payment is established.
- (v) Interest is recognised on a time apportionment basis that takes into account the effective yield on the asset.
- (vi) Management fee is recognised upon completion of services rendered.

### (c) Basis of Consolidation

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Subsidiaries are consolidated using the acquisition method of accounting.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Basis of Consolidation (Cont'd)

The difference between the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation. Goodwill on consolidation is amortised over 25 years. The goodwill is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

### (d) Associated Companies

The Group treats as associated companies those companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the audited financial statements of the associated companies.

The Group's share of post-acquisition profits less losses of associated companies is included in the consolidated income statement and the Group's interest in associated companies is stated at cost plus the Group's share of post-acquisition retained profits or accumulated losses and reserves.

Unrealised gains on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless costs cannot be recovered.

### (e) Investments

Investments in subsidiaries, associated companies and other investments are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

### (f) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are taken to reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rates ruling at the date of the transaction.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) **Currency Conversion and Translation (Cont'd)**

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>
Hong Kong Dollar	0.49	0.49
Great Britain Pound	5.51	5.67
Singapore Dollar	2.05	2.18
Bahrain Dinar	10.08	10.08
United Arab Emirates Dirhams	1.03	1.03
United States Dollar	3.80	3.80
Danish Kroner	0.48	0.48
Qatar Riyal	1.04	1.04
Thai Baht	0.09	0.09
Canadian Dollar	2.38	2.56
Japanese Yen	0.03	0.03
Italian Lira	0.002	0.002
Deutschemark	1.68	1.85
Euro	3.36	3.61
Australian Dollar	1.92	2.14
Indonesian Rupiah	0.0004	0.0004
Vietnamese Dong	0.0003	0.0003

(g) **Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Freehold land is not depreciated. Leasehold land and buildings are depreciated over the period of the lease. Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Long term leasehold land	Over 57 to 99 years
Short term leasehold land	Over 15 to 40 years
Freehold and leasehold buildings	Over 10 to 60 years
Motor vehicles	15% – 33 1/3%
Plant, machinery and equipment	10% – 35%
Office equipment, furniture and fittings	10% – 33 1/3%
Floating production, storage and offloading ("FPSO") vessel	5%

Short term leasehold land, long term leasehold land and leasehold buildings of the Group have not been revalued since they were first valued. The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of International Accounting Standard No. 16 (Revised): Property, Plant and Equipment, these assets are stated at their respective valuation less accumulated depreciation.

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**(g) Property, Plant and Equipment and Depreciation (Cont'd)**

An impairment is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

**(h) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost includes where appropriate cost of direct materials, direct labour and variable production overheads.

Cost is determined based on the first-in-first-out and specific identification methods except for technical, engineering and industrial items where the cost is determined based on weighted average and specific identification methods.

**(i) Work-in-progress**

Work-in-progress is valued at cost plus attributable profits less progress billings. Cost includes cost of materials, labour and direct overheads. Provisions for foreseeable losses are made for the estimated losses on all contracts up to the date of their completion.

**(j) Deferred Taxation**

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse.

**(k) Finance Lease and Hire Purchase**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership.

The Group recognises finance leases as assets and liabilities in the balance sheets at amounts equal at the inception of the leases to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Initial direct costs incurred are included as part of the asset. Lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

A finance lease gives rise to depreciation expense for the asset as well as a finance expense for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(g).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**(l) Intangible Assets**

- (i) Quarry development expenses are amortised over a period of ten years from 1996.
- (ii) Trade licences are amortised over a period of twenty years from 2001.

**(m) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and at banks and deposits at call excluding pledged deposits and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(n) Trade and Other Receivables**

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

**(o) Provisions for Liabilities**

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**(p) Employee Benefits**

The Company and its subsidiaries in Malaysia and certain overseas subsidiaries make contribution to the state provident funds which are the state pension schemes of the respective countries. Such contributions are recognised as compensation expense in the same period as the employment that gives rise to the contributions.

In addition, one of the overseas subsidiary companies operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. The amount charged to the income statement in respect of such pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## 3. PROPERTY, PLANT AND EQUIPMENT

	Cost/ Valuation		Cost			
	*Land and Buildings RM	FPSO RM	Motor Vehicles RM	Plant, Machinery and Equipment RM	Office Equipment, Furniture and Fittings RM	Total RM
<b>2001 – Group</b>						
At 1 January	23,157,388	676,800,092	8,573,453	14,445,758	6,527,077	729,503,768
Additions	415,744	–	2,258,632	524,558	1,265,333	4,464,267
Disposals	(749,622)	–	(2,414,179)	(57,960)	(226,090)	(3,447,851)
Written off	–	(661,683)	–	–	–	(661,683)
Adjustment	–	1,632,568	–	–	–	1,632,568
Assets of acquired subsidiaries	3,092,246	–	15,577	3,774,452	857,278	7,739,553
Translation adjustments	(286,575)	–	(137,360)	28,173	(100,528)	(496,290)
At 31 December	25,629,181	677,770,977	8,296,123	18,714,981	8,323,070	738,734,332
<b>Accumulated Depreciation</b>						
At 1 January	4,321,283	53,128,915	6,799,749	9,732,087	4,062,458	78,044,492
Additions	641,475	33,916,111	1,028,924	1,169,280	1,172,786	37,928,576
Disposals	(104,147)	–	(2,103,369)	(56,597)	(173,137)	(2,437,250)
Written off	–	(79,961)	–	–	–	(79,961)
Assets of acquired subsidiaries	2,456,608	–	15,577	3,643,896	777,790	6,893,871
Translation adjustments	29,403	–	(104,558)	36,937	(13,755)	(51,973)
At 31 December	7,344,622	86,965,065	5,636,323	14,525,603	5,826,142	120,297,755
<b>Net Book Value</b>	<b>18,284,559</b>	<b>590,805,912</b>	<b>2,659,800</b>	<b>4,189,378</b>	<b>2,496,928</b>	<b>618,436,577</b>
Net Book Value include assets:						
– Held under hire- purchase and finance lease	–	–	2,276,820	–	151,671	2,428,491
– Pledged for borrowings as referred to in Notes 12, 16 and 17	9,120,816	590,805,912	1,927,058	2,393,332	14,262	604,261,380
<b>2000 – Group</b>						
Depreciation for the year	636,766	33,528,088	1,250,125	873,390	1,352,946	37,641,315
Net Book Value	18,836,105	623,671,177	1,773,704	4,713,671	2,464,619	651,459,276

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Cost/ Valuation		Cost				Total RM
	*Land and Buildings RM	FPSO RM	Motor Vehicles RM	Plant, Machinery and Equipment RM	Office Equipment, Furniture and Fittings RM		
Net Book Value include assets:							
– Held under hire- purchase and finance lease	–	–	562,961	213,427	281,147		1,057,535
– Pledged for borrowings as referred to in Notes 12, 16 and 17	10,899,359	623,671,177	–	2,655,403	15,563		637,241,502

## \* Land and Buildings

	Valuation			Cost				Cost/ Valuation Total RM
	Short Term Leasehold Land RM	Long Term Leasehold Land RM	Leasehold Buildings RM	Long Term Leasehold Land RM	Leasehold Buildings RM	Freehold Land RM	Freehold Building RM	
<b>2001 – Group</b>								
At 1 January	5,880,782	1,636,000	8,745,641	430,780	6,117,663	346,522	–	23,157,388
Additions	–	–	–	–	391,083	–	24,661	415,744
Disposals	–	–	–	(142,780)	(606,842)	–	–	(749,622)
Assets of acquired subsidiaries	–	–	–	–	–	207,466	2,884,780	3,092,246
Translation adjustments	–	–	(360,240)	–	(55,390)	8,659	120,396	(286,575)
At 31 December	5,880,782	1,636,000	8,385,401	288,000	5,846,514	562,647	3,029,837	25,629,181
<b>Accumulated Depreciation</b>								
At 1 January	916,628	253,006	2,393,029	32,648	725,972	–	–	4,321,283
Additions	149,376	12,363	166,856	5,082	208,034	–	99,764	641,475
Disposals	–	–	–	(20,790)	(83,357)	–	–	(104,147)
Assets of acquired subsidiaries	–	–	–	–	–	–	2,456,608	2,456,608
Translation adjustments	–	–	(18,580)	–	(22,464)	–	70,447	29,403
At 31 December	1,066,004	265,369	2,541,305	16,940	828,185	–	2,626,819	7,344,622
<b>Net Book Value</b>	<b>4,814,778</b>	<b>1,370,631</b>	<b>5,844,096</b>	<b>271,060</b>	<b>5,018,329</b>	<b>562,647</b>	<b>403,018</b>	<b>18,284,559</b>

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

## \* Land and Buildings (cont'd)

	← Valuation →			← Cost →			Cost/ Valuation	
	Short Term Leasehold Land RM	Long Term Leasehold Land RM	Leasehold Buildings RM	Long Term Leasehold Land RM	Leasehold Buildings RM	Freehold Land RM	Freehold Building RM	Total RM
	Net Book Value include assets: – Pledged for borrowings as referred to in Notes 12, 16 & 17	4,814,778	1,370,631	420,300	271,060	1,897,525	346,522	–
<b>2000 – Group</b>								
Depreciation for the year	149,376	62,137	186,918	5,280	233,055	–	–	636,766
Net Book Value	4,964,154	1,382,994	6,352,612	398,132	5,391,691	346,522	–	18,836,105

Net Book Value include assets: – Pledged for borrowings as referred to in Notes 12, 16 & 17	4,964,184	1,382,994	464,916	398,102	3,342,641	346,522	–	10,899,359
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	Motor Vehicles RM	Office Equipment RM	Furniture and Fittings RM	Total RM
<b>2001 – Company</b>				
<b>Cost</b>				
At 1 January/31 December	755,177	214,501	433,403	1,403,081
<b>Accumulated Depreciation</b>				
At 1 January	623,268	161,065	188,535	972,868
Additions	158,501	36,603	106,034	301,138
Disposal	(87,624)	–	–	(87,624)
At 31 December	694,145	197,668	294,569	1,186,382
<b>Net Book Value</b>	61,032	16,833	138,834	216,699
Net Book Value include assets held under hire-purchase and finance lease	–	–	136,166	136,166

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<b>2000 – Company</b>	<b>Motor Vehicles RM</b>	<b>Office Equipment RM</b>	<b>Furniture and Fittings RM</b>	<b>Total RM</b>
Depreciation	170,505	53,279	110,378	334,162
Net Book Value	219,533	53,436	244,868	517,837

Net Book Value include assets held under hire-purchase and finance lease

74,077	10,977	238,262	323,316
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- (a) During the year, the Group acquired property, plant and equipment of RM2,063,926 (2000 : RM86,508) through hire-purchase and finance lease arrangements.
- (b) The Group and the Company have fully depreciated assets which are still in use costing RM11,157,326 (2000 : RM11,711,989) and RM53,260 (2000 : Nil) respectively.
- (c) Details of independent professional valuations of properties owned by certain subsidiaries at 31 December, 2001 are as follows:

<b>Description of Property</b>	<b>Year of Valuation</b>	<b>Valuation Amount RM</b>	<b>Basis of Valuation</b>
(i) Short term leasehold land	1992	180,782	Open market value
(ii) Short term leasehold land	1994	5,700,000	Open market value
(iii) Long term leasehold land	1992	1,636,000	Open market value
(iv) Buildings	1992	2,537,771	Open market value
(v) Buildings	1998	6,541,320	Open market value

Properties (ii) and (iii) were revalued prior to the acquisition of the subsidiaries concerned.

In 1996, property (v) was revalued prior to the acquisition of the subsidiary concerned. In 1998, the same property was revalued and the deficit arising from the revaluation was charged to the income statement in that year.

Had the revalued properties been carried at historical cost, the details would be as follows:

<b>2001 – Group</b>	<b>Short Term Leasehold Land RM</b>	<b>Long Term Leasehold Land RM</b>	<b>Buildings RM</b>
Cost	176,549	546,896	9,185,199
Accumulated Depreciation	98,984	120,317	5,731,241
Net Book Value	77,565	426,579	3,453,968

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<b>Short Term Leasehold Land RM</b>	<b>Long Term Leasehold Land RM</b>	<b>Buildings RM</b>
<b>2000 – Group</b>			
Cost	176,549	546,896	9,185,199
Accumulated Depreciation	93,455	109,377	5,559,227
Net Book Value	83,094	437,519	3,625,972

## 4. SUBSIDIARIES

	<b>Company</b>	
	<b>2001 RM</b>	<b>2000 RM</b>
Unquoted shares at cost	<b>54,573,701</b>	39,573,701
Less: Provision for diminution in value	<b>(7,264,999)</b>	(7,264,999)
	<b>47,308,702</b>	32,308,702

Details of the subsidiaries are as follows:

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Paid-up Capital</b>	<b>Effective Interest</b>		<b>Principal Activities</b>
			<b>2001 %</b>	<b>2000 %</b>	
Trenggo Minerals Sdn. Bhd.	Malaysia	RM1,000,000	<b>100</b>	100	Processing of barite.
Trenggo Quarry Sdn. Bhd.	Malaysia	RM4,487,500	<b>100</b>	100	Engaged in quarry activities.
Trenergy Gas Sdn. Bhd.	Malaysia	RM500,000	<b>100</b>	100	Dormant
Trenergy Marine Sdn. Bhd.	Malaysia	RM250,000	<b>70</b>	70	Engaged as general carriers of goods and passengers.
Trenergy Infrastructure Sdn. Bhd.	Malaysia	RM2	<b>100</b>	100	Dormant
Trenergy Cement Sdn. Bhd.	Malaysia	RM2	<b>100</b>	100	Dormant
Trenergy (Cayman Islands) Limited	Cayman Islands	USD2	<b>100</b>	100	Dormant
Trenergy FPSO Sdn. Bhd.	Malaysia	RM23,000,000	<b>100</b>	100	Provision of floating production systems as well as being a service provider for operations and maintenance of offshore facilities in the oil and gas industry.

## 4. SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Paid-up Capital	Effective Interest		Principal Activities
			2001 %	2000 %	
Trenergy-SMT MDC Sdn. Bhd.	Malaysia	RM2	100	100	Dormant
Trenergy Investment (L) Bhd	Malaysia	USD1	100	100	Engaged in Offshore Islamic leasing.
Trenergy Enterprise Sdn. Bhd.	Malaysia	RM1,500,000	51	51	Investment holding.
Trenergy Gas (Vietnam) Pte. Ltd.**	Vietnam	USD1,049,356	51	51	Ceased operations in 1999.
Doyan Oceanic Holdings Sdn. Bhd.	Malaysia	RM1,000,000	70	70	Investment holding.
Doyan Oceanic Sdn. Bhd.	Malaysia	RM60,000	70	70	Sea cargo forwarding and customs clearance agents.
Oceanic Freightways Sdn. Bhd.	Malaysia	RM105,000	70	70	International shipping and forwarding agent.
Airoceanic Express Sdn. Bhd.	Malaysia	RM500,000	70	70	Airfreight forwarders and transportation agents.
Airoceanic Express (Penang) Sdn. Bhd.	Malaysia	RM100,000	59.5	59.5	Airfreight forwarders and transportation agents.
Oceanic Freightways Warehouse Sdn. Bhd.	Malaysia	RM20,000	70	70	Packing and warehousing.
Velosi (M) Sdn. Bhd.	Malaysia	RM2,700,000	70	70	Provision of quality assurance and control, general inspection, corrosion monitoring and manpower supply services to the oil and gas industry.
Velosi Industries Sdn. Bhd. **	Malaysia	RM3,000,000	69.8	69.8	Iron casting, foundry and engineering works.
Velosi Steel Sdn. Bhd.**	Malaysia	RM1,000,000	69.8	69.8	Iron casting, foundry and engineering works – ceased operations during the year.
Velosi QA Sdn. Bhd.**	Malaysia	RM20,000	35.7	35.7	Provision of quality assurance, consultancy, training and quality auditing services to the oil and gas industry.

## 4. SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Paid-up Capital	Effective Interest		Principal Activities
			2001 %	2000 %	
Velosi (HK) Limited**	Hong Kong	HK\$50,000	70	70	Provision of quality assurance and control, general inspection, corrosion monitoring and manpower supply services to the oil and gas industry.
Velosi Europe Limited**	England	£ 200	35.7	35.7	Provision of quality assurance and control, general inspection, corrosion monitoring and manpower supply services to the oil and gas industry.
Velosi Engineering Services Sdn. Bhd. **	Malaysia	RM30,000	49	49	Provision of engineering, construction and maintenance services.
Velosi International EC*	Bahrain	BD2,000	35.7	35.7	Provision of quality assurance and control, general inspection, corrosion monitoring and manpower supply services to the oil and gas industry.
Velosi Certification LLC (formerly known as Velosi-Partner of Suddeuschland Engineering Services W.L.L)**	The State of Qatar	QR200,000	26.8	26.8	Provision of oilfield inspection and certification services.
Velosi America LLC **	United States of America	USD1,000	35.4	35.4	Provision of quality assurance and control, general inspection, corrosion monitoring and manpower supply services to the oil and gas industry.
Velosi Certification Services LLC (formerly known as Velosi-Partner of Suddeuschland Engineering Services LLC) **	United Arab Emirates	D150,000	35.7	35.7	Provision of services of certification, engineering and inspection, onshore and/or offshore.

## 4. SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Paid-up Capital	Effective Interest		Principal Activities
			2001 %	2000 %	
Velosi Thai Co. Ltd.**	Thailand	Baht 2,000,000	25	25	Provision of quality assurance and control, general inspection, corrosion monitoring and manpower supply services to the oil and gas industry.
Total Automation Ltd.**	Republic of Singapore	S\$6,373,125	38.1	38.1	Maintenance, servicing, commission and repair of all apparatus and appliances of every description for marine, offshore and land based purposes.
Whessoe Systems Pte. Ltd. **	Republic of Singapore	S\$20,000	38.1	38.1	Trade or business of manufacturing, licensing, leasing, servicing, installing all aspects of marine automation tools and accessories.
Total Automation (International) Limited **	Gibraltar	£ 100	38.1	38.1	Investment holding.
Whessoe S.A.**	France	Euro 305,000	38.1	–	Specialises in the manufacture and sale of measurement, control and safety products for the storage and transportation of liquid petroleum, natural and chemical gases.
Whessoe Europe Limited**	United Kingdom	GBP 500,000	38.1	–	Sales, marketing, project management, spare part distribution, repair and service provision for all major shipping and marine corporations worldwide.

## 4. SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Paid-up Capital	Effective Interest		Principal Activities
			2001 %	2000 %	
Velosi (S) Pte. Ltd.**	Republic of Singapore	S\$60,000	36.9	36.9	Testing, servicing, repairing and maintenance of hydraulic control systems, equipment, machineries and accessories.
PT. Velosi International Pratama**	Indonesia	Rp122,250,000	28.6	–	Consulting engineering services, quality control inspection, non destructive testing and manpower supply to the oil and gas industry.

\* Audited by firms affiliated with Arthur Andersen & Co., Malaysia.

\*\* Audited by other firms of auditors.

The Group, via its subsidiary, Total Automation Ltd. completed the acquisition of the entire issued share capital of Whessoe SA and all the assets directly related to the marine business of Endress + Hauser Systems & Gauging Limited for a cash consideration of GBP 4.1 million.

The effect of the acquisition on the financial position of the Group as at 31 December, 2001 is as follows:

	2001 RM	2000 RM
Revenue	16,757,543	17,854,774
Operating costs	(15,187,616)	(17,302,164)
Profit before taxation	1,569,927	552,610

The summary of effects of the acquisition on the financial position of the Group as at 31 December, 2001 is as follows:

	2001 RM	2000 RM
Property, plant and equipment	778,699	845,682
Inventories	6,131,888	4,376,746
Trade and other receivables	6,500,494	5,345,948
Cash and bank balances	(746,843)	(330,804)
Trade and other payables	(4,667,353)	(3,912,867)
Provision for retirement benefits	(457,338)	(355,084)
Long term payable	(512,983)	(512,983)
Minority interest	(4,345,930)	(2,483,316)
Group's share of net assets	2,680,634	2,973,322

## 4. SUBSIDIARIES (CONT'D)

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiary is as follows:

	RM
Net assets acquired:	
Property, plant and equipment	845,682
Inventories	4,376,746
Trade and other receivables	5,345,948
Trade and other payables	(3,912,866)
Bank overdrafts	(330,804)
Provision for retirement benefits	(375,635)
Long term payables	(492,432)
Net assets	<u>5,456,639</u>
Goodwill on consolidation	3,162,154
Total purchase consideration	<u>8,618,793</u>
Add: Bank overdrafts of subsidiary acquired	330,804
Net cash used for acquisition of a subsidiary	<u><u>8,949,597</u></u>

## 5. ASSOCIATED COMPANIES

	Group	
	2001 RM	2000 RM
Unquoted shares at cost	140,661	140,661
Share of post-acquisition profits	985,184	546,480
Exchange difference on translation	(19,948)	-
	<u>1,105,897</u>	<u>687,141</u>
Represented by:		
Share of net tangible assets	<u>1,105,897</u>	<u>687,141</u>

The associated companies are:

Name of Company	Country of Incorporation	Effective Interest		Principal Activities
		2001 %	2000 %	
Total Automation	United Arab Emirates	18.7	18.7	Trading, installation and
Middle East LLC*				repairing of measurement control systems.
Velosi (B) Sendirian Berhad*	Brunei Darussalam	35.0	35.0	Provision of quality assurance and control, general inspection, corrosion monitoring and manpower supply services to the oil and gas industry.

\* Audited by other firms of auditors.

## 6. OTHER INVESTMENTS

	Group	
	2001 RM	2000 RM
(a) Quoted shares at cost – outside Malaysia	191,985	197,148
Less: Provision for diminution in value	(124,891)	(108,169)
Market value	<u>67,094</u>	<u>88,979</u>
(b) Unquoted shares at cost – outside Malaysia	207,000	207,000
Less: Provision for diminution in value	(207,000)	(207,000)
	–	–
	<u>67,094</u>	<u>88,979</u>

## 7. INTANGIBLE ASSETS

	Group	
	2001 RM	2000 RM
Goodwill on consolidation		
At 1 January	15,688,587	15,688,587
Arising from acquisition of subsidiaries	3,162,154	–
	<u>18,850,741</u>	<u>15,688,587</u>
Less: Accumulated amortisation	(4,690,774)	(3,820,748)
	<u>14,159,967</u>	<u>11,867,839</u>
Quarry development expenses	342,935	342,935
Less: Accumulated amortisation	(157,382)	(119,006)
	<u>185,553</u>	<u>223,929</u>
Trade licences		
At 1 January	–	–
Purchase during the year	12,114,939	–
	<u>12,114,939</u>	<u>–</u>
Less: Accumulated amortisation	(520,829)	–
	<u>11,594,110</u>	<u>–</u>
	<u>25,939,630</u>	<u>12,091,768</u>

## 8. INVENTORIES

	Group	
	2001 RM	2000 RM
At cost:		
Raw materials	7,460,015	4,182,220
Work-in-progress	8,630,183	5,293,478
Finished good	1,561,312	2,158,238
	<b>17,651,510</b>	11,633,936
At net realisable value:		
Work-in-progress	1,159,737	–
Finished goods	1,744,452	–
Consumables	433,095	491,739
	<b>3,337,284</b>	491,739
	<b>20,988,794</b>	12,125,675

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM35,009,926 (2000 : RM18,917,499).

## 9. TRADE RECEIVABLES

	Group	
	2001 RM	2000 RM
Trade receivables	54,828,143	41,786,568
Less: Provision for doubtful debts	(693,390)	(390,071)
	<b>54,134,753</b>	41,396,497

## 10. OTHER RECEIVABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Due from associated companies	1,478,942	1,501,295	–	–
Deposits	1,156,287	973,513	280,170	279,720
Prepayments	1,321,904	3,162,933	55,803	58,084
Sundry receivables	4,636,312	3,538,003	216,150	194,535
	<b>8,593,445</b>	9,175,744	<b>552,123</b>	532,339

## 11. CASH AND BANK BALANCES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Cash on hand and at banks	<b>11,034,886</b>	9,084,563	<b>664,703</b>	385,686
Deposits with licensed banks	<b>50,877,140</b>	62,216,400	<b>3,000,000</b>	937,624
	<b>61,912,026</b>	71,300,963	<b>3,664,703</b>	1,323,310

The Group's deposits with licensed banks amounting to RM1,159,682 (2000 : RM1,497,220) have been pledged to banks for credit facilities granted to certain subsidiaries as referred to in Note 12.

## 12. SHORT TERM BORROWINGS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Secured:				
Bank overdrafts	<b>6,229,125</b>	5,940,325	–	–
Revolving credits	<b>2,504,000</b>	2,504,481	–	–
Trust receipts	<b>547,394</b>	975,470	–	–
Term loans due within 12 months (Note 16)	<b>9,871,501</b>	10,568,112	–	–
Hire purchase and lease payables (Note 13)	<b>666,670</b>	503,728	<b>23,418</b>	126,090
	<b>19,818,690</b>	20,492,116	<b>23,418</b>	126,090
Unsecured:				
Revolving credits	<b>12,500,000</b>	12,200,000	<b>12,500,000</b>	12,200,000
	<b>32,318,690</b>	32,692,116	<b>12,523,418</b>	12,326,090

The bank overdrafts, revolving credits and trust receipts of the Group are secured by way of fixed and floating charges on all assets of certain subsidiaries amounting to RM51,171,713 (2000 : RM52,880,658). The short term borrowings bear interest between 5.75% and 8.80% (2000 : 6.55% to 8.80%) per annum.

## 13. HIRE PURCHASE AND LEASE PAYABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Future minimum payments:				
Payable within one year	<b>807,136</b>	608,814	<b>32,949</b>	155,311
Payable between one and five years	<b>1,672,002</b>	412,036	–	32,949
	<b>2,479,138</b>	1,020,850	<b>32,949</b>	188,260
Less: Finance charges	<b>(423,585)</b>	(210,157)	<b>(9,531)</b>	(38,753)
	<b>2,055,553</b>	810,693	<b>23,418</b>	149,507

## 13. HIRE PURCHASE AND LEASE PAYABLES (CONT'D)

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Representing hire purchase liabilities:				
Due within 12 months (Note 12)	<b>666,670</b>	503,728	<b>23,418</b>	126,090
Due after 12 months (Note 16)	<b>1,388,883</b>	306,965	–	23,417
	<b>2,055,553</b>	810,693	<b>23,418</b>	149,507

The hire purchase and lease payables bear interests of between 4.0% to 9.76% (2000 : 5.4% to 10.0%) per annum.

## 14. OTHER PAYABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Due to an associated company	–	346,040	–	–
Due to directors	–	42,000	–	–
Due to directors' related companies	<b>158,600</b>	151,429	–	–
Due to a corporate shareholder of a subsidiary	<b>404,328</b>	404,328	–	–
Deposit payable	<b>43,032</b>	49,832	–	–
Interest payable	<b>3,890,599</b>	3,993,095	–	–
Sundry payable	<b>8,591,090</b>	5,273,061	<b>59,604</b>	110,269
Provision and accruals	<b>13,952,407</b>	14,389,203	<b>62,465</b>	59,641
	<b>27,040,056</b>	24,648,988	<b>122,069</b>	169,910

The amounts due to an associated company, directors, directors' related companies and a corporate shareholder of a subsidiary are unsecured, interest free and have no fixed terms of repayment.

## 15. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2001	2000	2001 RM	2000 RM
Authorised	<b>100,000,000</b>	100,000,000	<b>100,000,000</b>	100,000,000
Issued and fully paid:				
At 1 January	<b>68,198,631</b>	68,198,631	<b>68,198,631</b>	68,198,631
Exercise of ESOS	<b>2,513,000</b>	–	<b>2,513,000</b>	–
At 31 December	<b>70,711,631</b>	68,198,631	<b>70,711,631</b>	68,198,631

## 15. SHARE CAPITAL (CONT'D)

The Trenergy (Malaysia) Bhd.'s Employees' Share Option Scheme ("ESOS") became effective on 2 January, 2001 for a period of five years. 203 employees of the Group accepted the options to exercise a total of 6,813,000 shares at an option price of RM1.57 offered on 21 January, 2001. During the year, the employees exercised the options for 2,513,000 ordinary shares in the Company in accordance with the following provisions of the ESOS by-laws:

Number of options granted	Percentage of Options Exercisable		
	Year 1	Year 2	Year 3
Below 20,000	100%	–	–
20,000 and above	40% <sup>1</sup>	30%	30% <sup>2</sup>

<sup>1</sup> 40% or 20,000 Options, whichever is higher

<sup>2</sup> 30% or the remaining number of Options exercised

As at year end, 4,300,000 options were unexercised.

## 16. LONG TERM BORROWINGS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Term loans repayable by:				
20 equal quarterly instalments commencing April 1997	200,000	1,000,000	–	–
60 equal monthly instalments commencing December 1995	–	140,280	–	–
120 equal monthly instalments commencing August 1996	225,697	238,508	–	–
120 equal monthly instalments commencing January 1998	563,586	579,309	–	–
84 monthly instalments commencing December 1996	628,685	823,159	–	–
48 equal monthly instalments commencing July 2000	683,987	1,058,986	–	–
36 equal monthly instalments commencing January 2001	1,666,660	2,405,000	–	–
36 equal monthly instalments commencing January 2001	999,996	1,350,000	–	–
10 equal quarterly instalments commencing November 2000	9,498,480	17,097,264	–	–
	<b>14,467,091</b>	24,692,506	–	–
Amount repayable within 12 months included in short term borrowings (Note 12)	(9,871,501)	(10,568,112)	–	–
Amount repayable after 12 months	4,595,590	14,124,394	–	–
Hire purchase and lease payables due after 12 months (Note 13)	1,388,883	306,965	–	23,417
	<b>5,984,473</b>	14,431,359	–	23,417

## 16. LONG TERM BORROWINGS (CONT'D)

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Maturity of borrowings (excluding hire purchase and lease payable):				
Within one year	<b>9,871,501</b>	10,568,112	–	–
Between one and two years	<b>3,969,981</b>	9,827,832	–	–
Between two and five years	<b>625,609</b>	4,296,562	–	–
	<b>14,467,091</b>	24,692,506	–	–

The above term loans bear interest of 3.67% to 8.80% (2000 : 8.09% to 10.57%) per annum and are secured by certain property, plant and equipment of the Group as disclosed in Note 3.

## 17. IJARA WA IKTINA PAYABLE

	Group	
	2001 RM	2000 RM
Ijara Wa Iktina payable	<b>167,173,252</b>	197,568,389
Repayments due within 12 months (included in current liabilities)	<b>(34,200,000)</b>	(30,400,000)
Amount repayable after twelve months	<b>132,973,252</b>	167,168,389

The Ijara Wa Iktina facility of USD55,000,000 is secured by a first fixed and floating charge over the assets of a subsidiary amounting to RM644,464,415 (2000 : RM673,702,492), at a financing cost of between 4.63% and 9.25% (2000 : 9.19% to 10.57%) per annum. The repayments will be made from revenue receipts of a subsidiary denominated in USD. The amount is repayable by 19 quarterly instalments commencing May 2000.

## 18. PROVISION FOR RETIREMENT BENEFITS

The provision for retirement benefits is made by a subsidiary company incorporated in France. As required by law in France, upon the employees retiring, they are entitled to the payment of a premium according to their period of service. The company policy is to make provision for the retirement benefits taking into account both the current rates of pay and the probability that the employees will still be employed at the time of retirement. These payments are not expected to be made within the next financial year.

## 19. LONG TERM PAYABLE

The long term payable represents an amount due to a former holding company of a subsidiary incorporated in France. The amount is unsecured, bears interest of 6.0% per annum and is repayable in full by 30 July, 2004. It is not expected to be repaid within the next financial year.

## 20. DEFERRED TAXATION

	Group	
	2001 RM	2000 RM
As at 1 January	4,511,008	2,107,308
Transfer from taxation (Note 26)	2,367,300	2,403,700
As at 31 December	<u>6,878,308</u>	<u>4,511,008</u>

The deferred taxation of the Group is in respect of timing differences between the book depreciation and capital allowances.

Deferred taxation amounting to RM197,000 (2000 : RM197,000) is not provided on the net surplus arising from the revaluation of short term leasehold land, leasehold buildings and long term leasehold land as there is no intention to dispose these properties in the near future.

## 21. REVENUE

Revenue of the Group and the Company consists of the following:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Provision of services to the oil and gas industry	193,989,291	189,873,881	-	-
Provision of freight forwarding services	30,502,970	30,212,026	-	-
Sales of products	36,312,736	15,927,953	-	-
Interest income				
– from a subsidiary	-	-	185,108	262,531
– others	35,038	133,640	35,038	133,640
Management fees charged to subsidiaries	-	-	120,000	120,000
Others	2,427,284	2,343,674	23,760	60,120
	<u>263,267,319</u>	<u>238,491,174</u>	<u>363,906</u>	<u>576,291</u>

## 22. OTHER OPERATING INCOME

Included in other operating income are the following:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Gain on disposal of property, plant and equipment	745,795	196,622	43,000	16,320
Interest income	1,525,902	2,122,587	-	-
Rental income	316,387	360,961	243,360	243,360
Realised gain on foreign exchange	70,476	-	-	-
Gain on disposal of investments	-	99,807	-	-

**23. STAFF COSTS**

Included in staff costs of the Group and the Company are salaries and emoluments paid to directors of the Group and Company amounting to RM4,480,374 (2000 : RM3,165,862) and RM505,563 (2000 : RM866,112) respectively. The estimated monetary value of other benefits not included in the salaries received by the directors of the Group and Company are RM62,550 (2000 : RM65,650) and RM41,150 (2000 : RM41,150) respectively.

**24. DIRECTORS' REMUNERATION**

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	<b>938,710</b>	1,325,278	<b>372,643</b>	704,962
Bonus	<b>127,720</b>	89,900	<b>19,420</b>	68,150
Benefits-in-kind	<b>45,950</b>	60,850	<b>41,150</b>	41,150
	<b>1,112,380</b>	1,476,028	<b>433,213</b>	814,262
Non-Executive:				
Fees	<b>75,500</b>	93,000	<b>75,500</b>	93,000
Allowance	<b>38,000</b>	–	<b>38,000</b>	–
	<b>113,500</b>	93,000	<b>113,500</b>	93,000
<b>Other Directors</b>				
Executive:				
Salaries and other emoluments	<b>3,266,120</b>	1,621,481	–	–
Bonus	<b>34,324</b>	36,203	–	–
Benefits-in-kind	<b>16,600</b>	4,800	–	–
Total	<b>3,317,044</b>	1,662,484	–	–
Total excluding benefits-in-kind	<b>4,480,374</b>	3,165,862	<b>505,563</b>	866,112

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	Number of Directors	
	2001	2000
Executive directors:		
Below RM150,000	–	–
RM150,001 – RM200,000	–	1
RM200,001 – RM250,000	1	2
RM250,001 – RM350,000	–	–
RM350,001 – RM400,000	1	1
RM400,001 – RM450,000	–	1
RM450,001 – RM500,000	1	–
Non-Executive directors:		
Below RM50,000	5	4

## 25. OTHER OPERATING EXPENSES

Included in other operating expenses are the following:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Auditors' remuneration				
– auditors of the Company	100,500	95,000	16,000	14,000
– other auditors	373,516	206,764	–	–
Amortisation				
– goodwill	870,026	640,537	–	–
– trade licences	520,829	–	–	–
– quarry development	38,376	38,376	–	–
Rental				
– premises	2,230,055	2,443,546	243,360	243,360
– equipment	557,255	109,886	–	–
Provision for doubtful debts				
– subsidiaries	–	–	–	190,833
– others	347,373	2,822,687	–	2,552,507
Write back of provision for doubtful debts	(315,944)	–	–	–
Property, plant and equipment written off	581,722	224	–	–
Bad debts written off	722,177	227,593	–	–
Hire of motor vehicles, plant and machinery	153,233	192,099	–	–
Provision for diminution in value of investments	16,722	108,169	–	–
Loss on foreign exchange				
– realised	–	61,719	2,020	1,631
– unrealised	300	8,706	–	–
Lease rental of equipment	554,270	–	–	–
Property, plant and equipment written down in relation to discontinuance of operations by certain subsidiaries	–	4,235,248	–	–
Inventories written down	51,299	–	–	–
Provision for retirement benefits	66,024	–	–	–
Raw materials written off	922,500	–	–	–

## 26. TAXATION

	Group	
	2001 RM	2000 RM
Current year's provision:		
Malaysia income tax	220,073	424,876
Foreign tax	4,026,609	2,969,345
	<b>4,246,682</b>	3,394,221
Transfer to deferred taxation (Note 20)	2,367,300	2,403,700
Overprovision of taxation in respect of prior years	(7,201)	(588,937)
Share of taxation in associated companies	7,116	16,524
	<b>6,613,897</b>	5,225,508

**26. TAXATION (CONT'D)**

The effective rate of taxation of the Group in the current year is lower than the statutory rate of taxation principally due to the utilisation of capital allowances brought forward by a subsidiary.

The effective rate of taxation of the Group in the previous year is higher than the statutory rate of taxation principally due to losses of certain subsidiaries which cannot be set off against profits made by other subsidiaries in the Group as no group relief is available.

No provision for taxation has been made by the Company as it is in a tax loss position.

As at 31 December, 2001, the Company has :

- (a) tax losses of approximately RM7,909,000 (2000 : RM6,913,000) and unutilised capital allowances of approximately RM648,000 (2000 : RM609,000), which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.
- (b) a potential deferred tax benefit of approximately RM2,399,000 (2000 : RM2,101,000), arising principally from tax losses and unutilised capital allowances carried forward, the effects of which are not included in the financial statements as there is no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the benefit to be realised.
- (c) tax exempt income of approximately RM963,000 (2000 : RM963,000), arising from tax exempt dividends received from a subsidiary, Trenggo Minerals Sdn. Bhd. and a chargeable income related to the financial year ended 31 December, 1999 which was waived in accordance to Section 8 of the Income Tax (Amendment) Act, 2000.
- (d) sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income to declare the payment of dividend amounting to RM5,708,000. If the balance of the retained profits were to be distributed as dividends, the Company would have a Section 108 shortfall of approximately RM88,943,000.

As at 31 December, 2001, Trenggo Minerals Sdn. Bhd. has available tax exempt profit available for distribution estimated at RM8,032,000 (2000 : RM8,032,000) subject to agreement by the Inland Revenue Board. The tax exempt profits were derived from the pioneer status granted under the provisions of the Investment Incentives Act, 1968 (as amended) from 12 May, 1983 to 30 April, 1990.

**27. EARNINGS/(LOSS) PER SHARE****(a) Basic**

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>
Net profit/(loss) attributable to shareholders	<b>14,199,213</b>	(3,421,474)
Weighted average number of ordinary shares in issue	<b>68,713,143</b>	68,198,631
Basic earnings/(loss) per share (sen)	<b>20.66</b>	(5.02)

## 27. EARNINGS/(LOSS) PER SHARE (CONT'D)

The basic loss per ordinary share for the financial year ended 31 December, 2000 has been restated to include the prior year adjustment as explained in Note 30 to the financial statements.

## (b) Diluted

Diluted earnings/(loss) per share is calculated by dividing the adjusted net profit attributable to shareholders by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The dilutive potential ordinary shares of the Group are the employees share options. The basis for the maximum number of ordinary shares of RM1 each to be issued upon the exercise of share options granted, the latest date for exercise and exercise price is mentioned in Note 15.

	Group	
	2001 RM	2000 RM
Net profit/(loss) attributable to shareholders	<b>14,199,213</b>	(3,421,474)
Weighted average number of ordinary shares in issue	<b>68,713,143</b>	68,198,631
Assumed shares issued from the exercise of options at no consideration	<b>1,621,032</b>	–
	<b>70,334,175</b>	68,198,631
Diluted earnings/(loss) per share (sen)	<b>20.19</b>	(5.02)

## 28. CAPITAL COMMITMENTS

	Group	
	2001 RM	2000 RM
Capital expenditure:		
Approved and contracted for	<b>241,429</b>	125,115
Approved but not contracted for	<b>255,000</b>	560,335
	<b>496,429</b>	685,450

## 29. LEASE COMMITMENTS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Commitments under non-cancellable operating leases:				
Within one year	<b>1,136,455</b>	409,250	–	243,360
Between one and five years	<b>1,746,295</b>	528,471	–	–
After five years	<b>3,704,264</b>	4,557,344	–	–
	<b>6,587,014</b>	5,495,065	–	243,360

**30. PRIOR YEAR ADJUSTMENT**

The prior year adjustment reflects the effects of recognising an expense relating to prior years, which was charged by a supplier during the year. The recognition of the expense has the effect of decreasing the profit before taxation of the Group by RM743,645 in 2000. The effects relating to periods prior to 2000 of the Group of RM2,460,402 has been adjusted against opening retained profits for the year ended 31 December, 1999.

**31. DIVIDEND**

	Group		Company	
	2001 RM	2000 RM	2001 Sen	2000 Sen
Ordinary first and final dividend of 1% less 28% taxation	-	491,030	-	0.72

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 December, 2001 of 1% less 28% taxation amounting to a total dividend of RM509,124 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December, 2002.

**32. CONTINGENT LIABILITIES (Unsecured)**

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Guarantees issued on behalf of subsidiaries	-	-	285,072,565	283,672,565
Guarantee issued on behalf of an associated company	123,109	-	-	-
Dispute in employment taxes pertaining to a foreign subsidiary	-	766,724	-	-
Potential claim for liquidated damages in delivery and commissioning of the FPSO vessel	19,153,000	19,153,000	19,153,000	19,153,000

- (a) A third party has filed a suit on 27 November, 1999 to obtain an injunction against a subsidiary from receiving proceeds under a performance bond issued by the third party to the subsidiary pursuant to a contract for the supply of equipment and related services. A stay of the suit was obtained pending reference of all disputes of the parties concerned to arbitration. The said third party had also filed a Section 218 Notice on 26 November, 1999 against the subsidiary claiming a sum of USD1,100,000. The subsidiary disputes liability and counter claims that failure on the part of the third party to perform the abovesaid contract has caused losses far greater than the amount claimed by the third party.

A deposit of USD44,154 has been paid to the Regional Centre for Arbitration Kuala Lumpur on 25 February, 2002 to commence the arbitration proceedings. The third party is required to file its statement of claim on or before 30 April, 2002 and the subsidiary its defence and counter-claim on or before 4 June, 2002, which the third party has until 4 July, 2002 to reply and defend.

In the interim, the third party has on 11 April, 2001 filed an originating summons to again obtain an injunction against the subsidiary from receiving proceeds under the abovesaid performance bond. On 12 April, 2002, the Court granted the injunction sought by the third party, which decision the subsidiary is appealing against.

Until all claims are finalised, it is premature to assess the probable financial outcome of the dispute.

**32. CONTINGENT LIABILITIES (Unsecured)(CONT'D)**

- (b) A letter of demand has been issued by another third party on 3 March, 2000 claiming a sum of USD1,700,000 for services rendered to Trenergy (Malaysia) Bhd. No suit has been filed and it is too preliminary a stage to assess the probable outcome of the dispute.

**33. SIGNIFICANT RELATED PARTY TRANSACTIONS**

	<b>Company</b>	
	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>
Interest income received/receivable from a subsidiary	<b>185,108</b>	262,531
Management fees received/receivable from subsidiaries	<b>120,000</b>	120,000

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and condition that are not materially different from that obtainable in transactions with unrelated parties.

**34. SIGNIFICANT EVENTS**

During the financial year,

- (a) the Group, via its subsidiary, Total Automation Ltd. completed the acquisition of the entire issued share capital of Whessoe SA and all the assets directly related to the marine business of Endress + Hauser Systems & Gauging Limited for a cash consideration of GBP 4.1 million. The acquisition was deemed effective on 1 January, 2001.
- (b) the Company acquired an additional 15,000,000 ordinary shares of RM1 each at par, in a subsidiary, Trenergy FPSO Sdn. Bhd. via the capitalisation of amount due from the subsidiary.
- (c) the Group, via its subsidiary, Doyan Oceanic Holdings Sdn. Bhd., acquired an additional 419,998 ordinary shares of RM1 each at par in Airoceanic Express Sdn. Bhd. through the capitalisation of its retained profits.
- (d) the Company's subsidiary, Velosi Steel Sdn. Bhd. ceased its operations.
- (e) the Group incorporated new subsidiaries, Whessoe Europe Limited and PT. Velosi International Pratama in the United Kingdom and Indonesia, respectively.
- (f) the Company's subsidiaries, Velosi-Partner of Suddeutschland Engineering Services W.L.L. and Velosi-Partner of Suddeutschland Engineering Services LLC changed their names to Velosi Certification LLC and Velosi Certification Services LLC respectively.
- (g) the Company's subsidiary, Total Automation Ltd. made a bonus issue of 2,124,375 ordinary shares of S\$0.05 per share (on the basis of 1 share for every 2 shares held) via capitalisation of its retained profits.

**35. SUBSEQUENT EVENT**

On 12 March, 2002, the Company acquired the remaining 30% equity interest in a subsidiary, Trenergy Marine Sdn. Bhd. for a cash consideration of RM40,000. A former director of Trenergy Marine Sdn. Bhd. had an interest in this transaction.

## 36. SEGMENTAL REPORTING

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

## Analysis by Activity

2001	Revenue RM	Profit/(loss)	
		Before Taxation RM	Total Assets RM
Oil and gas services	194,259,434	24,999,717	724,035,527
Freight forwarding services	30,653,126	262,710	7,320,541
Trading and manufacturing	36,072,787	3,263,782	42,340,131
Investment holding	363,906	(1,945,052)	515,100,809
Others	2,667,233	(477,609)	41,276,132
	<b>264,016,486</b>	<b>26,103,548</b>	<b>1,330,073,140</b>
Group's share of associated company's results	–	445,820	–
	<b>264,016,486</b>	<b>26,549,368</b>	<b>1,330,073,140</b>
Consolidation adjustments	(749,167)	1,187,765	(538,894,924)
	<b>263,267,319</b>	<b>27,737,133</b>	<b>791,178,216</b>

## 2000

Oil and gas services	189,873,881	14,356,288	757,451,581
Freight forwarding services	30,212,026	642,457	5,930,244
Trading and manufacturing	15,927,953	(2,717,176)	23,952,529
Investment holding	576,291	(5,345,166)	513,465,411
Others	2,343,674	(833,333)	35,029,603
	<b>238,933,825</b>	<b>6,103,070</b>	<b>1,335,829,368</b>
Group's share of associated company's results	–	133,329	–
	<b>238,933,825</b>	<b>6,236,399</b>	<b>1,335,829,368</b>
Consolidation adjustments	(442,651)	(267,519)	(537,503,325)
	<b>238,491,174</b>	<b>5,968,880</b>	<b>798,326,043</b>

## Analysis by Region

2001	Revenue RM	Profit/(loss)	
		Before Taxation RM	Total Assets RM
Malaysia	150,017,896	11,284,500	1,242,070,549
Other Asia Pacific countries	37,736,796	13,143,688	47,666,763
Europe	46,697,520	558,206	28,925,482
United States of America	10,342,923	293,777	2,079,675
Middle East	19,221,351	823,377	9,330,671
	<b>264,016,486</b>	<b>26,103,548</b>	<b>1,330,073,140</b>
Group's share of associated company's results	–	445,820	–
	<b>264,016,486</b>	<b>26,549,368</b>	<b>1,330,073,140</b>
Consolidation adjustments	(749,167)	1,187,765	(538,894,924)
	<b>263,267,319</b>	<b>27,737,133</b>	<b>791,178,216</b>

## 36. SEGMENTAL REPORTING (CONT'D)

2000	Profit/(loss)		
	Revenue RM	Before Taxation RM	Total Assets RM
Malaysia	150,117,953	(2,380,059)	1,265,724,095
Other Asia Pacific countries	57,601,027	8,424,063	55,507,284
Europe	11,962,197	91,814	5,261,542
United States of America	4,619,698	(111,572)	1,073,463
Middle East	14,632,950	78,824	8,262,984
	<u>238,933,825</u>	<u>6,103,070</u>	<u>1,335,829,368</u>
Group's share of associated company's results	–	133,329	–
	<u>238,933,825</u>	<u>6,236,399</u>	<u>1,335,829,368</u>
Consolidation adjustments	(442,651)	(267,519)	(537,503,325)
	<u>238,491,174</u>	<u>5,968,880</u>	<u>798,326,043</u>

## 37. CURRENCY

All amounts are stated in Ringgit Malaysia unless otherwise stated.

## 38. COMPARATIVE FIGURES

Certain comparative figures have been adjusted resulting from the prior year adjustment as described in Note 30 and certain other figures reclassified to conform with the current year's presentation.

	Group	
	As restated RM	As previously stated RM
As a result of the prior year adjustment:		
Trade receivables	<b>41,396,497</b>	44,600,544
Retained profits as at 1 January, 2000	<b>303,332,561</b>	305,792,963
Profit before taxation	<b>5,968,880</b>	6,712,525
As a result of reclassifications:		
Exceptional items	–	4,235,248
Other operating expenses (Note 25)		
– property, plant and equipment written down in relation to discontinuance of operations by certain subsidiaries	<b>4,235,248</b>	–
Short term borrowings	<b>32,692,116</b>	32,188,388
Other payables	<b>24,648,988</b>	25,152,716
Other operating income	<b>3,707,402</b>	1,584,815
Finance costs, net	–	(23,267,186)
Interest expense	<b>(22,524,867)</b>	–
Other finance costs included in other operating expenses	<b>(2,864,906)</b>	–

# Shareholding Information as at 6 May 2002

## SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid	:	RM71,817,631
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per Ordinary Share held

Size of Holdings	No. of Holders	% of Holders	Total Holdings	% of Holdings
1 – 1,000	69	0.94	24,344	0.03
1,001 – 10,000	6,830	93.38	15,297,013	21.30
10,001 – 100,000	369	5.05	10,087,575	14.05
100,001 to less than 5% of issued shares	44	0.60	24,884,068	34.65
5% and above of issued shares	2	0.03	21,524,631	29.97
<b>Total</b>	<b>7,314</b>	<b>100.00</b>	<b>71,817,631</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDER

Name of Substantial Shareholder	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Metacorp Berhad	21,524,631 (6,500,000 registered under Alliance Group Nominees (Tempatan) Sdn Bhd as trustee)	29.97	–	–

## THIRTY LARGEST REGISTERED SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
1. Metacorp Berhad	15,024,631	20.92
2. Alliance Group Nominees (Tempatan) Sdn Bhd a/c Metacorp Berhad	6,500,000	9.05
3. Employees Provident Fund Board	2,986,000	4.16
4. Malaysia National Insurance Berhad	2,918,000	4.06
5. Meor Othman bin Meor Lope	2,680,000	3.73
6. Chee Peck Kiat @ Chee Peck Jan	1,742,825	2.43
7. Amanah Raya Berhad a/c Tabung Ittikal Arab-Malaysian	1,557,000	2.17
8. Takaful Nasional Sdn Berhad	1,418,000	1.97
9. Southern Nominees (Tempatan) Sdn Bhd a/c Chee Peck Kiat @ Chee Peck Jan	962,500	1.34
10. Abdul Rahman @ Abdul Ghani bin Awang	956,503	1.33
11. HSBC Nominees (Tempatan) Sdn Bhd a/c OSK-UOB Small Cap Opportunity Unit Trust	885,000	1.23
12. Lembaga Tabung Haji	839,000	1.17

Name of Shareholders	No. of Shares	% of Shares
13. Arab-Malaysian Nominees (Tempatan) Sdn Bhd a/c BHLB Pacific Dana Al-Ihsan	789,000	1.10
14. Lee Joon Shiew @ Lee Vui Lim	745,000	1.04
15. Universal Trustee (Malaysia) Berhad a/c BHLB Pacific Emerging Companies Growth Fund	653,000	0.91
16. AM Nominees (Tempatan) Sdn Bhd a/c Tabung Amanah Warisan Negeri Johor	459,000	0.64
17. Ong Thean Huat	425,900	0.59
18. DB (Malaysia) Nominee (Asing) Sdn Bhd a/c Richard Services Corporation	405,000	0.56
19. Tasec Nominees (Tempatan) Sdn Bhd a/c Tevanaigam Savisthri a/p K.T. Chitty	350,000	0.49
20. RHB Capital Nominees (Tempatan) Sdn Bhd a/c Oh Kim Sun	315,000	0.44
21. Malaysia Nominees (Tempatan) Sdn Bhd a/c Great Eastern Life Assurance (Malaysia) Berhad	255,000	0.36
22. Landasan Express Sdn Bhd	244,000	0.34
23. AM Nominees (Tempatan) Sdn Bhd a/c Employees Provident Fund Board	232,000	0.32
24. Southern Nominees (Tempatan) Sdn Bhd a/c Sultan Mizan Zainal Abidin ibni Sultan Mahmud	225,000	0.31
25. Tengku Mizan Zainal Abidin	220,000	0.31
26. Mohamed Ashari bin Abas	211,900	0.30
27. Yeoh Kean Hua	202,000	0.28
28. Chang Yew Keow	200,000	0.28
29. Crescendo Overseas Corporation Sdn Bhd	200,000	0.28
30. AM Nominees (Tempatan) Sdn Bhd a/c Universiti Malaya	199,000	0.28

## DIRECTORS' INTERESTS IN THE COMPANY

Name	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
YBhg. Dato' Dr. Nik Hussain bin Abdul Rahman	-	-	-	-
YBhg. Dato' Azmil Khalid	-	-	-	-
YBhg. Datuk Yahya bin Yaacob	-	-	-	-
Encik Baharin bin Salleh	-	-	-	-
Encik Nor Zainal bin Abdul Rahman	21,000	0.03	-	-
YBhg. Dato' Abdul Rahman bin Nasir	-	-	-	-

## List of Properties as at 31 December 2001

Location	Description	Tenure/ (Leasehold Expiry Date)	Land Area/ (Built-up Area)	Approximate Age of Buildings	Net Book Value (RM'000)	Acquisition*/ Valuation# Date
Lot 8, Mukim of Tanggol District of Hulu Terengganu	Single storey factory with 2-storey office	Leasehold – 30 years (31.05.2011)	28,250 sq. m. (2,546 sq. m.)	20 years	65	01.01.1992#
Lot P.T.G. 5705 Mukim Penghulu Diman District of Hulu Terengganu	Quarry	Leasehold – 45 years (11.05.2035)	29,018 sq. m.	n/a	4,750	30.11.1994#
Lot 1184 KRM 540 Mukim of Penghulu Diman District of Hulu Terengganu	Quarry	Leasehold – 99 years (11.03.2095)	32,196 sq. m.	n/a	271	22.01.1996*
Lot P.T. 5863 Mukim of Sungai Terap District of Kinta Perak	Single storey factory with split level office	Leasehold – 60 years (07.05.2051)	33,784 sq. m. (1,906 sq. m.)	5 years	3,417	31.12.1992#
Lot 2102 & 2103, Block 5 Miri Concession Land District	3-storey terrace shop-office	Leasehold – 60 years (15.04.2056)	326.8 sq. m. (962.4 sq. m.)	6 years	941	02.11.1995*
Block J. Unit No. 6 Jalan PJS 8/2 Mentari Plaza Bandar Sunway Petaling Jaya	3-storey terrace shop-office	Leasehold – 99 years (06.12.2093)	258.9 sq. m. (758.7 sq. m.)	4 years	1,335	06.07.1995*
45 Gul Drive Jurong Singapore	Single storey semi-detached factory with mezzanine floor level	Leasehold – 60 years (16.05.2042)	3,841 sq. m. (1,800 sq. m.)	19 years	6,268	03.08.1998#
119 Rue De Bitche 62100 Calais France	Factory building and Office Building	Freehold	12,387 sq. m. (2,528 sq. m.)	n/a	512	01.01.2001*
Lot 28 Bien Hoa Industrial Zone II Dong Nai Province Vietnam	Single storey office and factory building	Leasehold – 15 years (01.03.2010)	8,348 sq. m. (1,680 sq. m.)	7 years	Nil	n/a

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of Trenergy (Malaysia) Bhd will be held at Seri Angsana Room, MiCasa Hotel Apartments, 368B Jalan Tun Razak, 50400 Kuala Lumpur on Thursday, 27 June 2002 at 3.00 pm for the following purposes:

1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31 December 2001 together with the Auditors' Report thereon. **(Resolution 1)**
2. To approve the payment of a first and final dividend of 1% less tax for the year ended 31 December 2001. **(Resolution 2)**
3. To approve the payment of Directors' fees **(Resolution 3)**
4. To re-elect the following Directors:
  - (a) who retires by rotation in accordance with Article 80 of the Company's Articles of Association:-  
Encik Baharin bin Salleh **(Resolution 4)**
  - (b) who retire in accordance with Article 87 of the Company's Articles of Association:-  
YBhg. Dato' Dr. Nik Hussain bin Abdul Rahman **(Resolution 5)**  
YBhg. Dato' Azmil Khalili bin Dato' Khalid **(Resolution 6)**
5. To re-appoint Arthur Andersen & Co. as Auditors of the Company under the name of Hanafiah Raslan & Mohamad and to authorise the Directors to determine their remuneration. **(Resolution 7)**

## **AS SPECIAL BUSINESS**

6. To consider and if thought fit, to pass the following ordinary resolutions:

### ORDINARY RESOLUTION 1

AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE COMPANY'S EMPLOYEE SHARE OPTION SCHEME PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised with full powers to issue shares in the Company from time to time under the existing Employee Share Option Scheme of the Company ("the Scheme") provided that the aggregate number of the shares to be issued pursuant to this resolution does not exceed the amount approved under the Scheme and that subject to Section 132D(4) of the Companies Act, 1965 such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing and quotation of the additional shares so issued. **(Resolution 8)**

### ORDINARY RESOLUTION 2

AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised with full powers to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as they may deem fit subject always to the approval of the relevant government/regulatory authorities being obtained for such issue and provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10 percent of the issued capital for the time being of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing and quotation of the additional shares so issued. **(Resolution 9)**

## Notice of Annual General Meeting

### ORDINARY RESOLUTION 3

#### APPOINTMENT OF DATO' NIK HASSAN BIN ABDUL RAHMAN AS DIRECTOR UNDER SECTION 129(6) OF THE COMPANIES ACT, 1965

That pursuant to Section 129(6) of the Companies Act, 1965 Dato' Nik Hassan bin Abdul Rahman, who is over 70 years of age, be and is hereby appointed a Director of the Company subject to the provisions of the Company's Memorandum and Articles of Association and the Companies Act, 1965 and that he shall hold office until the conclusion of the next Annual General Meeting of the Company.

**(Resolution 10)**

7. To transact any other business of which due notice shall have been given in accordance with the Articles of Association of the Company and the Companies Act, 1965.

### NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN THAT the Register of Members of the Company will be closed from 3 July 2002 to 9 July 2002 (both dates inclusive) for the purpose of preparing dividend warrants.

The dividend, if approved, will be paid on 25 July 2002 to depositors registered in the Record of Depositors on 2 July 2002.

A depositor shall qualify for the entitlement only in respect of :-

- (a) Shares deposited to the Depositor's Securities Account before 12.30 p.m. on 28 June 2002 in respect of shares exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 2 July 2002 in respect of ordinary shares;
- (c) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

### ZAINAL ABIDIN BIN AHMAD

*Company Secretary*

Kuala Lumpur  
5 June 2002

### Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the proxy form duly completed, must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting. The provisions of Section 149(1)(c) of the Companies Act, 1965 shall not apply to the Company.
4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of its attorney.
6. Explanatory Notes on Special Business
  - 6.1 Ordinary Resolution 1  
The purpose of this Ordinary Resolution is to enable the Directors of the Company to offer shares to those employees who have become eligible under the Company's Employee Share Option Scheme.
  - 6.2 Ordinary Resolution 2  
The proposed Ordinary Resolution, if passed, will give the Directors of the Company the power to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.
  - 6.3 Ordinary Resolution 3  
Under Section 129(6) of the Companies Act, 1965 the appointment of a person who is of or over the age of 70 years as a Director of a public company requires the approval of shareholders at a general meeting.

## Statement Accompanying the Notice of Annual General Meeting

Statement accompanying Notice of Annual General Meeting made pursuant to Paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange.

Details of Directors standing for re-election/re-appointment at the Annual General Meeting.

Name	Baharin bin Salleh
Age	49
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>• Masters Degree in Business Administration from University of Malaya</li> <li>• Degree in Bachelor of Science and Bachelor of Commerce in Engineering Production and Economics from the University of Birmingham</li> <li>• Advanced Management Course at INSEAD in France</li> <li>• Fellow Member of the Malaysian Association of Certified Public Accountants (MACPA)</li> <li>• Registered Accountant with the Malaysian Institute of Accountants</li> </ul>
Position on the Trenergy (Malaysia) Bhd Board	Managing Director
Date first appointed to the Trenergy (Malaysia) Bhd Board	26 February 1998
Membership of Trenergy (Malaysia) Bhd Board Committee	<ul style="list-style-type: none"> <li>• Member of ESOS Committee (Chairman)</li> <li>• Member of Audit Committee</li> </ul>
Working Experience	<ul style="list-style-type: none"> <li>• 1977 – 1984 Retail Officer Hongkong Bank Malaysia Berhad</li> <li>• 1984 – 1996 Director, Corporate Planning Golden Hope Plantations Berhad</li> <li>• 1996 – 1996 Director, Finance Mekar Idaman Sdn Bhd</li> <li>• 1996 – 1997 Managing Director Metacorp Berhad</li> <li>• 1997 – 1997 Chief Financial Officer Intria Berhad</li> <li>• 1997 – 1998 Executive Director National Steel Corporation, Philippines</li> </ul>
Occupation	Managing Director
Any other directorship in public companies	Nil
Securities holdings in Trenergy (Malaysia) Bhd and its subsidiaries	Nil
Any family relationship with director and/major shareholder of Trenergy (Malaysia) Bhd or any companies that have entered into any transactions with Trenergy (Malaysia) Bhd or its subsidiaries	No family relationship with/not related to any director and/major shareholder of Trenergy (Malaysia) Bhd
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of Trenergy (Malaysia) Bhd Board meetings attended in the financial year	4/5 (80%)

## Statement Accompanying the Notice of Annual General Meeting

Name	Dato' Dr. Nik Hussain bin Abdul Rahman
Age	66
Nationality	Malaysian
Qualification	Degree in Bachelor of Dental Surgery from University of Singapore
Position on the Trenergy (Malaysia) Bhd Board	Non-Executive Chairman
Date first appointed to the Trenergy (Malaysia) Bhd Board	19 March 2002
Membership of Trenergy (Malaysia) Bhd Board Committee	Nil
Working Experience	<ul style="list-style-type: none"> <li>• 1976 – 1984 Deputy Minister of Works Ministry of Works</li> </ul>
Occupation	Chairman
Any other directorship in public companies	<ul style="list-style-type: none"> <li>• MTD Capital Bhd</li> <li>• Metacorp Bhd</li> </ul>
Securities holdings in Trenergy (Malaysia) Bhd and its subsidiaries	Nil
Any family relationship with director and/major shareholder of Trenergy (Malaysia) Bhd or any companies that have entered into any transactions with Trenergy (Malaysia) Bhd or its subsidiaries	Dato' Dr. Nik Hussain bin Abdul Rahman is the father-in-law of Dato' Azmil Khalili bin Dato' Khalid.
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of Trenergy (Malaysia) Bhd Board meetings attended in the financial year	Nil

## Statement Accompanying the Notice of Annual General Meeting

Name	Dato' Azmil Khalili bin Dato' Khalid
Age	42
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>• Masters Degree in Business Administration from California State University</li> <li>• Degree in Bachelor of Civil Engineering from Northrop University</li> </ul>
Position on the Trenergy (Malaysia) Bhd Board	Non-Independent Non-Executive Director
Date first appointed to the Trenergy (Malaysia) Bhd Board	19 March 2002
Membership of Trenergy (Malaysia) Bhd Board Committee	Nil
Working Experience	<ul style="list-style-type: none"> <li>• 1986 – 1987 Trust International Insurance</li> <li>• 1987 – 1993 Citibank NA</li> </ul>
Occupation	Group Managing Director
Any other directorship in public companies	<ul style="list-style-type: none"> <li>• MTD Capital Bhd</li> <li>• Metacorp Bhd</li> </ul>
Securities holdings in Trenergy (Malaysia) Bhd and its subsidiaries	Nil
Any family relationship with director and/major shareholder of Trenergy (Malaysia) Bhd or any companies that have entered into any transactions with Trenergy (Malaysia) Bhd or its subsidiaries	Dato' Azmil Khalili bin Dato' Khalid is the son-in-law of Dato' Dr. Nik Hussain bin Abdul Rahman
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of Trenergy (Malaysia) Bhd Board meetings attended in the financial year	Nil

## Statement Accompanying the Notice of Annual General Meeting

Name	Dato' Nik Hassan bin Abdul Rahman
Age	74
Nationality	Malaysian
Working Experience	<ul style="list-style-type: none"> <li>• 1957 - 1971 Principal Private Secretary to the first Prime Minister, Tunku Abd. Rahman Alhaj</li> <li>• 1971 - 1974 Menteri Besar of Terengganu</li> <li>• 1978 - 1992 Director of Maybank and its Group of Companies</li> </ul>
Occupation	Director
Any other directorship in public companies	<ul style="list-style-type: none"> <li>• MTD Capital Bhd</li> </ul>
Securities holdings in Trenergy (Malaysia) Bhd and its subsidiaries	Nil
Any family relationship with director and/major shareholder of Trenergy (Malaysia) Bhd or any companies that have entered into any transactions with Trenergy (Malaysia) Bhd or its subsidiaries	Dato' Nik Hassan bin Abdul Rahman is the brother of Dato' Dr. Nik Hussein bin Abdul Rahman
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of Trenergy (Malaysia) Bhd Board meetings attended in the financial year	Nil

## Statement Accompanying the Notice of Annual General Meeting

Details of Trenergy (Malaysia) Bhd Board of Directors' Meeting held from 1 January 2001 to 31 December 2001.

A total of five (5) Board Meetings were held during the financial year ended 31 December 2001, details of which are as follows:-

No.	Date & Time	Venue	Attended By
1	27 February 2001 at 11.00 a.m.	The Conference Room, Trenergy (Malaysia) Bhd, Suite 6-1, Level 6, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur.	All Directors
2*	25 April 2001 at 11.00 a.m.	The Conference Room, Trenergy (Malaysia) Bhd, Suite 6-1, Level 6, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur.	All Directors
3	21 May 2001 at 11.00 a.m.	The Conference Room, Trenergy (Malaysia) Bhd, Suite 6-1, Level 6, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur.	All Directors
4	25 August 2001 at 4.00 p.m.	Kemasik Room, Awana Kijal Golf & Beach Resort, Km 28, Jalan Kemaman-Dungun, 24100 Kijal, Kemaman, Terengganu.	All Directors except Encik Baharin bin Salleh
5	9 November 2001 at 10.30 a.m.	The Conference Room, Trenergy (Malaysia) Bhd, Suite 6-1, Level 6, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur.	All Directors except Encik Madzri bin Ab. Rahman

\* Special Board Meeting



# Proxy Form

TREENERGY (MALAYSIA) BHD 206596-H (Incorporated in Malaysia)

Number of Shares Held	
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I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of the abovenamed Company, do hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing whom, \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the 11<sup>th</sup> Annual General Meeting of the Company, to be held at Seri Angsana Room, MiCasa Hotel Apartments, 368B Jalan Tun Razak, 50400 Kuala Lumpur on Thursday, 27 June, 2002 at 3.00 p.m. and at any adjournment thereof in the manner indicated below :

No.	Resolution	For	Against
1.	Adoption of Reports and Accounts		
2.	Payment of First and Final Dividend		
3.	Payment of Directors' fees		
4.	Re-election of Director: Encik Baharin bin Salleh		
5.	Re-election of Director: YBhg. Dato' Dr. Nik Hussain bin Abdul Rahman		
6.	Re-election of Director: YBhg. Dato' Azmil Khalili bin Dato' Khalid		
7.	Re-appointment of Auditors		
8.	Ordinary Resolution 1 – Authority to allot and issue shares under the Company's Employee Share Option Scheme pursuant to Section 132D of the Companies Act, 1965		
9.	Ordinary Resolution 2 – Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965		
10.	Ordinary Resolution 3 – Appointment of Dato' Nik Hassan bin Abdul Rahman as Director under Section 129(6) of the Companies Act, 1965		

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

As Witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2002

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

**Notes:**

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act shall not apply to the Company.
2. To be valid, the proxy form duly completed, must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting. The provisions of Section 149(1)(c) of the Companies Act shall not apply to the Company.
4. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of its attorney.

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Stamp

*The Secretary*

**TRENERGY (MALAYSIA) BHD**

Suite 6-1, Level 6, Wisma UOA II

21 Jalan Pinang

50450 Kuala Lumpur

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**TRENERGY (MALAYSIA) BHD (206596-H)**

Suite 6-1, Level 6, Wisma UOA II

21 Jalan Pinang, 50450 Kuala Lumpur

Tel : (603) 2163 0919 Fax : (603) 2163 0918

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