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Directors' report and financial statements

Directors' Report	36 - 40
Statement by Directors and Statutory Declaration	41
Report of the Auditors	42
Balance Sheets	43
Income Statements	44
Consolidated Statement of Changes in Equity	45
Statement of Changes in Equity	46
Cash Flow Statements	47 - 50
Notes to the Financial Statements	51 - 77

Directors' report

For the year ended 31 December 2002

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are as set out in note 7 to the financial statements. There have been no significant changes in these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit after taxation	34,322,757	17,836,990
Minority interests	(6,620,146)	-
Profit attributable to shareholders	27,702,611	17,836,990
Retained profit brought forward		
- As previously reported	31,416,500	2,528,517
- Prior year adjustment	8,133,923	(4,966,000)
- As restated	39,550,423	(2,437,483)
Profit available for appropriation	67,253,034	15,399,507
Dividend	(3,434,500)	(3,434,500)
Retained profit carried forward	63,818,534	11,965,007

DIVIDEND

During the financial year, the Company paid a First and Final Tax Exempt Dividend of 5 sen per share amounting to RM3,434,500 in respect of the previous financial year as proposed in the Directors' Report of that year.

At the forthcoming Annual General Meeting, a final gross dividend in respect of the financial year ended 31 December 2002 of 7 sen per share amounting to RM4,808,300 will be proposed for shareholders' approval.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in note 18 to the financial statements.

ISSUE OF SHARES

During the financial year, the Company has issued 10,000 new ordinary shares of RM1.00 each, arising from the conversion of the Company's 8% Irredeemable Convertible Unsecured Loan Stocks.

SIGNIFICANT EVENT

Significant event during the financial year is disclosed in note 32 to the financial statements.

SUBSEQUENT EVENTS

Events subsequent to the financial year are disclosed in note 33 to the financial statements.

DIRECTORS

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

Tan Sri Dato' Halim Bin Mohammad
Puan Sri Datin Mazmin Binti Noordin
Tuan Haji Mazlan Bin Nordin
Mr Patrick Lim Keng Lee
Dato' Edris @ Idris Bin Haji Wahed
Dato' Seri Haji Sulaiman Bin Mohd Amin
Mr Ee Beng Wat
Tan Sri Datuk Abdul Aziz Bin Ismail

In accordance with Article 89 of the Articles of Association, Tan Sri Dato' Halim Bin Mohammad and Puan Sri Datin Mazmin Binti Noordin retire from the board at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

In accordance with Section 129 of the Companies Act, 1965, Dato' Seri Haji Sulaiman Bin Mohd Amin retires at the forthcoming Annual General Meeting and being eligible offers himself for re-election.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings, particulars of Directors' interests in the shares and debentures of the Company at the end of the financial year are as follows:

	Number of Ordinary shares of RM1.00 each			Balance at 31.12.2002
	Balance at 1.1.2002	Addition	Sold	
Tan Sri Dato' Halim Bin Mohammad	29,275,000	-	-	29,275,000
Puan Sri Dalin Mazmin Binti Noordin	7,702,500	-	-	7,702,500

	Number of ICULS of RM1.00 each			Balance at 31.12.2002
	Balance at 1.1.2002	Addition	Conversion/ Sold	
Tan Sri Dato' Halim Bin Mohammad	10,641,000	-	-	10,641,000

By virtue of their interests in the shares of the Company, Tan Sri Dato' Halim Bin Mohammad and Puan Sri Dalin Mazmin Binti Noordin are also deemed to have an interest in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

Other than as disclosed above, none of the Directors in office at the end of the financial year had any interest in the shares and debentures of the Company or its subsidiaries during the financial year.

There were no changes in the above interests in the Company or its subsidiaries during the period from 31 December 2002 to 21 March 2003.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest except as disclosed in note 29 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the Income Statements and Balance Sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts, and satisfied themselves that there were no known bad debts and that adequate provision has been made for doubtful debts; and
- ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business 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:

- i) which would render the amount written off as bad debts, or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
- ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
- iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and
- iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

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

- i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liabilities of the Group and of the Company 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 and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors:

- i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The Auditors, ONG & WONG, have indicated their willingness to continue in office.

On behalf of the Board

TAN SRI DATO' HALIM BIN MOHAMMAD

Director

PUAN SRI DATIN MAZMIN BINTI NOORDIN

Director

Kuala Lumpur
21 March 2003

Report of the auditors

REPORT OF THE AUDITORS TO THE MEMBERS OF HALIM MAZMIN BERHAD

We have audited the financial statements set out on pages 43 to 77. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We have conducted our audit in accordance with approved Auditing Standards 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 Directors as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia, so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company at 31 December 2002 and of the results of the operations and cash flows of the Group and of the Company for the financial year ended on that date;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

The audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

ONG & WONG
AF 0241
Chartered Accountants

ONG KONG LAI
494/06/04(I/PH)
Partner of Firm

Kuala Lumpur
21 March 2003

Balance sheets

As at 31 December 2002

	Note	2002 RM	Group 2001 RM (Restated)	2002 RM	Company 2001 RM (Restated)
NON-CURRENT ASSETS					
Property, plant and equipment	4	474,609,955	500,134,940	766,259	549,777
Land and development expenditure	5	-	5,214,225	-	-
Investment property	6	5,214,225	-	-	-
Subsidiary companies	7	-	-	41,402,949	41,402,949
Associated company	8	8,446,624	8,432,181	8,878,000	8,878,000
Investments	9	4,050,000	50,000	4,050,000	50,000
		492,320,804	513,831,346	55,097,208	50,880,726
CURRENT ASSETS					
Inventories		214,247	200,837	-	-
Trade receivables	10	14,012,520	6,192,824	-	-
Other receivables, deposits and prepayments	11	666,499	3,342,061	90,569	181,912
Amount due from subsidiary companies	12	-	-	130,304,488	100,983,452
Deposits with licensed banks	13	71,259,913	23,323,164	15,500,000	1,300,000
Cash and bank balances		3,161,870	19,736,337	1,069,628	232,175
		89,315,049	52,795,223	146,964,685	102,697,539
CURRENT LIABILITIES					
Trade payables	14	2,515,870	4,251,255	-	-
Other payables and accruals	15	14,785,938	13,653,314	2,607,796	2,463,917
Amount due to subsidiary companies	12	-	-	-	122,329
Hire purchase payables	16	314,311	190,595	115,819	-
Term loans	16	54,121,139	55,295,670	6,860,678	6,134,456
Taxation		-	38,692	-	-
		71,737,258	73,429,526	9,584,293	8,720,702
NET CURRENT ASSETS/(LIABILITIES)					
		17,577,791	(20,634,303)	137,380,392	93,976,837
		509,898,595	493,197,043	192,477,600	144,857,563
REPRESENTED BY:					
SHARE CAPITAL	17	68,690,000	68,680,000	68,690,000	68,680,000
RESERVES	18	82,835,372	58,626,139	28,512,397	14,168,785
SHAREHOLDERS' FUNDS					
IRREDEEMABLE CONVERTIBLE		151,525,372	127,306,139	97,202,397	82,848,785
UNSECURED LOAN STOCKS	19	12,516,000	12,526,000	12,516,000	12,526,000
MINORITY INTERESTS		13,818,166	7,198,020	-	-
		177,859,538	147,030,159	109,718,397	95,374,785
NON-CURRENT LIABILITIES					
Long term liabilities	16	332,039,057	346,166,884	82,759,203	49,482,778
		509,898,595	493,197,043	192,477,600	144,857,563

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

Income statements

For the year ended 31 December 2002

	Note	2002 RM	Group 2001 RM (Restated)	2002 RM	Company 2001 RM (Restated)
Revenue	20	132,763,463	133,084,386	25,200,000	15,488,000
Other operating income	21	762,142	941,161	428,675	283,490
		133,525,605	134,025,547	25,628,675	15,771,490
Administrative expenses		(7,864,945)	(6,636,096)	(1,142,087)	(1,039,192)
Other operating expenses		(74,622,474)	(73,751,205)	-	-
Profit from operations	22	51,038,186	53,638,246	24,486,588	14,732,298
Finance costs		(16,755,739)	(26,719,484)	(6,649,598)	(6,716,941)
Profit/(loss) from associated company		13,881	(108,937)	-	-
Profit before taxation		34,296,328	26,809,825	17,836,990	8,015,357
Exceptional item	23	-	9,013,200	-	-
Profit before taxation after exceptional item		34,296,328	35,823,025	17,836,990	8,015,357
Taxation	24	26,429	(94,274)	-	-
Profit after taxation after exceptional item		34,322,757	35,728,751	17,836,990	8,015,357
Minority interest		(6,620,146)	(10,926,221)	-	-
Pre-acquisition profit		-	(750,367)	-	-
Net profit for the year		27,702,611	24,052,163	17,836,990	8,015,357
Earnings per share:	25				
- Basic		40 sen	42 sen	-	-
- Fully diluted		36 sen	36 sen	-	-
Dividend per share	26	-	5 sen	-	5 sen

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

Consolidated statement of changes in equity

For the year ended 31 December 2002

	Note	Share Capital RM	Share Premium RM	Reserve on consolidation RM	Merger Adjustment RM	Retained profit RM	Total RM
At 1 January 2001							
- As previously reported		20,333,000	1,421,390	-	(7,983,789)	52,909,742	66,680,343
- Prior year adjustment	27	-	-	-	-	4,406,508	4,406,508
- As restated		20,333,000	1,421,390	-	(7,983,789)	57,316,250	71,086,851
Profit for the year		-	-	-	-	24,052,163	24,052,163
Dividend	26	-	-	-	-	(609,990)	(609,990)
Bonus issue		-	-	-	-	(41,208,000)	(41,208,000)
Issue of shares		48,347,000	-	-	-	-	48,347,000
Premium arising from conversion of ICULS		-	15,563,020	-	-	-	15,563,020
ICULS expenses		-	(16,850)	-	-	-	(16,850)
Listing expenses		-	(361,292)	-	-	-	(361,292)
Reserve on consolidation		-	-	10,453,237	-	-	10,453,237
At 31 December 2001							
- As previously reported		68,680,000	16,606,268	10,059,778	(7,983,789)	31,416,500	118,778,757
- Prior year adjustment	27	-	-	393,459	-	8,133,923	8,527,382
- As restated		68,680,000	16,606,268	10,453,237	(7,983,789)	39,550,423	127,306,139
Profit for the year		-	-	-	-	27,702,611	27,702,611
Dividend	26	-	-	-	-	(3,434,500)	(3,434,500)
Issue of shares		10,000	-	-	-	-	10,000
Premium arising from conversion of ICULS		-	2,700	-	-	-	2,700
ICULS expenses		-	(5,000)	-	-	-	(5,000)
Listing expenses		-	(56,578)	-	-	-	(56,578)
At 31 December 2002		68,690,000	16,547,390	10,453,237	(7,983,789)	63,818,534	151,525,372

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

Statement of changes in equity

For the year ended 31 December 2002

	Note	Share Capital RM	Share Premium RM	Retained profit RM	Total RM
At 1 January 2001					
- As previously reported		20,333,000	1,421,390	30,755,160	52,509,550
- Prior year adjustment	27	-	-	609,990	609,990
- As restated		20,333,000	1,421,390	31,365,150	53,119,540
Profit for the year		-	-	8,015,357	8,015,357
Dividend	26	-	-	(609,990)	(609,990)
Bonus issue		-	-	(41,208,000)	(41,208,000)
Issue of shares		48,347,000	-	-	48,347,000
Premium arising from conversion of ICULS		-	15,563,020	-	15,563,020
ICULS expenses		-	(16,850)	-	(16,850)
Listing expenses		-	(361,292)	-	(361,292)
At 31 December 2001					
- As previously reported		68,680,000	16,606,268	2,528,517	87,814,785
- Prior year adjustment	27	-	-	(4,966,000)	(4,966,000)
- As restated		68,680,000	16,606,268	(2,437,483)	82,848,785
Profit for the year		-	-	17,836,990	17,836,990
Dividend	26	-	-	(3,434,500)	(3,434,500)
Issue of shares		10,000	-	-	10,000
Premium arising from conversion of ICULS		-	2,700	-	2,700
ICULS expenses		-	(5,000)	-	(5,000)
Listing expenses		-	(56,578)	-	(56,578)
At 31 December 2002					
		68,690,000	16,547,390	11,965,007	97,202,397

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

Cash flow statements

For the year ended 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM (Restated)	2002 RM	2001 RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation after exceptional item		34,296,328	35,823,025	17,836,990	8,015,357
Adjustments for:					
Depreciation of property, plant and equipment		26,075,647	26,004,940	334,180	284,643
Deferred expenditure written off		-	654,559	-	-
Exceptional item		-	(9,013,200)	-	-
Gain on disposal of property, plant and equipment		-	(131,910)	-	-
Property, plant and equipment written off		-	4,299	-	4,299
Share of (profit)/loss in associated company		(13,881)	108,937	-	-
Interest expense		16,755,739	26,719,484	6,649,598	6,716,941
Interest income		(742,234)	(548,841)	(428,675)	(283,490)
Operating profit before working capital changes		76,371,599	79,621,293	24,392,093	14,737,750
(Increase)/decrease in inventories		(13,410)	877,989	-	-
(Increase)/decrease in receivables		(5,077,014)	17,808,300	(29,229,693)	1,969,951
(Decrease)/increase in payables		(602,761)	(1,208,492)	21,550	755,715
Cash generated from/(absorbed by) operations		70,678,414	97,099,090	(4,816,050)	17,463,416
Expenditure carried forward		-	(3,707)	-	-
Tax paid		(79,945)	(127,665)	-	-
Interest paid		(16,755,739)	(26,719,484)	(6,649,598)	(6,716,941)
Interest received		742,234	548,841	428,675	283,490
Net cash generated from/(used in) operating activities		54,584,964	70,797,075	(11,036,973)	11,029,965
CASH FLOWS FROM INVESTING ACTIVITIES					
Land and development expenditure		-	(208,743)	-	-
Proceed from sale of property, plant and equipment		-	332,000	-	-
Acquisition of property, plant and equipment	B	(200,662)	(3,875,867)	(200,662)	(593,504)
Acquisition of investment		(4,000,000)	-	(4,000,000)	-
Acquisition of additional shares in investments in subsidiary companies	C	-	(3,800,000)	-	(19,000,000)
ICULS expenses		(5,000)	(16,850)	(5,000)	(16,850)
Listing expenses		(56,578)	(361,292)	(56,578)	(361,292)
Net cash used in investing activities		(4,262,240)	(7,930,752)	(4,262,240)	(19,971,646)

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

Cash flow statements

For the year ended 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM (Restated)	2002 RM	2001 RM (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from ICULS conversion		2,700	15,563,020	2,700	15,563,020
Proceeds from long term borrowings		40,000,000	-	40,000,000	-
Payment for hire purchase		(229,543)	(314,001)	(97,192)	-
Repayment of long term borrowings		(55,299,099)	(45,208,022)	(6,134,342)	(2,699,928)
Dividend paid		(3,434,500)	(609,990)	(3,434,500)	(609,990)
Net cash (used in)/generated from financing activities		(18,960,442)	(30,568,993)	30,336,666	12,253,102
Net increase in cash and cash equivalents		31,362,282	32,297,330	15,037,453	3,311,421
Cash and cash equivalents at beginning of year		42,855,952	10,558,622	1,532,175	(1,779,246)
Cash and cash equivalents at end of year	A	74,218,234	42,855,952	16,569,628	1,532,175

NOTE

A. CASH AND CASH EQUIVALENTS

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

	2002 RM	Group 2001 RM	2002 RM	Company 2001 RM
Deposits with licensed banks	71,259,913	23,323,164	15,500,000	1,300,000
Deposits with licensed banks pledged (Note 13)	(203,549)	(203,549)	-	-
Cash and bank balances	3,161,870	19,736,337	1,069,628	232,175
	74,218,234	42,855,952	16,569,628	1,532,175

B. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company acquired the property, plant and equipment by:

	2002 RM	Group 2001 RM	2002 RM	Company 2001 RM
Cash	200,662	3,875,867	200,662	593,504
Hire purchase	350,000	370,000	350,000	-
	550,662	4,245,867	550,662	593,504

C. ACQUISITION OF ADDITIONAL SHARES IN INVESTMENT IN SUBSIDIARY COMPANIES

i) Effects on financial results

The effect of this acquisition on the financial results of the Group during the previous financial year is shown below:

	2001 RM (Restated)
Revenue	52,680,788
Operating costs	(38,348,140)
Profit from operations	14,332,648
Exceptional item	9,013,200
Profit before taxation after exceptional item	23,345,848
Taxation	(18,785)
Profit after taxation after exceptional item	23,327,063
Interim dividend paid during the financial year	(20,000,000)
Profit attributable to shareholders	3,327,063
Profit attributable to previous shareholdings by the Group	(2,528,568)
Pre-acquisition profit	(750,367)
	<hr/>
Increase in net profit for the financial year	48,128

ii) Effect on financial position

The effect of this acquisition on the financial position of the Group during the previous financial year is as follows:

	2001 RM (Restated)
Property, plant and equipment	216,498,685
Trade receivables	770,133
Other receivables, deposits and prepayments	546,705
Deposits with licensed banks	6,083,299
Cash and bank balances	1,255,752
Trade payables	(40,295)
Other payables and accruals	(9,202,874)
Shareholder's loans	(27,933,800)
Long term borrowings	(127,680,000)
Provision for taxation	(133)
Net assets	60,297,472
Attributable to shares previously held and treated as subsidiaries	(45,826,079)
	<hr/>
Increase in Group net assets	14,471,393

C. ACQUISITION OF ADDITIONAL SHARES IN INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

iii) Effects on cash flow statement

The effect of this acquisition on the cash flow statement of the Group during the previous financial year is as follows:

	2001 RM (Restated)
Property, plant and equipment	216,498,685
Trade receivables	770,133
Other receivables, deposits and prepayments	546,705
Deposits with licensed banks	6,083,299
Cash and bank balances	1,255,752
Trade payables	(40,295)
Other payables and accruals	(9,202,874)
Shareholder's loans	(27,933,800)
Long term borrowings	(127,680,000)
Provision for taxation	(133)
Fair value of net assets at date of acquisition	<u>60,297,472</u>
Attributable to shares previously held and treated as subsidiaries	<u>(45,826,079)</u>
Reserve on consolidation	14,471,393
Reserve on consolidation	(10,671,393)
Net cash used for acquisition of additional shares in investment in subsidiary companies	<u><u>3,800,000</u></u>

Notes to the financial statements

For the year ended 31 December 2002

1. GENERAL

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are as set out in note 7 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The registered office is located at 49, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place at which business is carried on is located at 49, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

2. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for development of the Group's businesses whilst managing its risks.

The main areas of the financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

a. Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar (USD) and Singapore Dollar (S\$). The Group maintains a natural hedge by receiving charter hire and funding its borrowings in USD.

b. Interest rate risk

The interest rate exposure arises from the Group's borrowings and deposits and is managed through the use of fixed and floating rate debt.

c. Credit risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. This is done through reference to published credit ratings by prime financial institutions. In the absence of published ratings, an internal credit review is conducted if the credit risk is material.

d. Liquidity and Cash Flow risks

The Group seeks to achieve a balance between certainty of funding even in difficult times for the markets or the Group and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

3. ACCOUNTING PRINCIPLES

a. Basis of Accounting

The financial statements of the Company are prepared under the historical cost convention unless specifically stated otherwise and comply with approved accounting standards issued by the Malaysian Accounting Standards Board in material respects.

b. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year.

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

The difference between the purchase consideration and the fair value of net identifiable assets acquired is reflected in the financial statements as goodwill arising on consolidation or reserve on consolidation.

c. Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the fair value of the Group's share of their identifiable net assets at the date of acquisition.

Goodwill on acquisitions of subsidiaries are included in the balance sheet as intangible assets. Goodwill on acquisitions of jointly controlled entities and associates are included in investments in jointly controlled entities and associates respectively. Capitalised goodwill is amortised using the straight line method over its estimated useful life or 20 years, whichever is shorter. Goodwill on acquisitions was charged in full to shareholders' equity; such goodwill has not been retrospectively capitalised and amortised as it was impractical to reinstate.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of, the goodwill previously charged to shareholders' equity.

Negative goodwill represents the excess of the fair value of the Group's share of identifiable net assets acquired over the cost of acquisition. Negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those assets is recognised in the income statement immediately.

d. Subsidiary Companies

Investments in subsidiary companies are stated at cost except where the Directors are of the opinion that there is a permanent diminution in the value of the investment, in which case provision is made for the diminution in value.

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

3. ACCOUNTING PRINCIPLES (CONT'D)

e. Associated Company

Investments in associated company is stated at cost except where the Directors are of the opinion that there is a permanent diminution in the value of an investment, in which case provision is made for the diminution in value.

Investments in associated company is accounted for in the consolidated financial statements by the equity method of accounting. Associated company is company in which the Group has a long term equity interest of between 20% to 50% to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associated company but not control over those policies.

Equity accounting involves recognising in the income statement the Group's share of the results of associated company for the period. The Group's investment in associated company is carried in the balance sheet at an amount that reflects its share of the net assets of the associated company and includes goodwill on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

Unrealised gains on transactions between the Group and its associated company is eliminated to the extent of the Group's interest in the associated company; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associated company to ensure consistency of accounting policies with the Group.

f. Inventories

Bunker and lubricant stocks held for own consumption are stated at lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Provision is made for obsolescence, where applicable.

g. Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified.

h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortisation. Other property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. The annual rates of depreciation used for the major groups of property, plant and equipment are as follows:

Office and other equipment	20% - 25%
Motor vehicles	20%
Renovation	20%

Vessels are amortised over the period of their respective lives which range from 18 to 25 years. Depreciation is computed on the straight line method to write off the cost of each asset over its estimated useful life.

3. ACCOUNTING PRINCIPLES (CONT'D)

i. Land and Development Expenditure

Land and development expenditure is stated at cost. It is held for long term investment and not carried at fair value.

j. Investment Property

The subsidiary company has ceased the capitalisation of interest as the directors are of the opinion that the activities necessary to prepare the asset for its intended use have ceased. As a result, the asset is held as investment property.

k. Revenue Recognition

Dividends from subsidiary companies are recognised in the income statement as and when declared and approved.

Revenue from all voyages, completed and uncompleted, up to the balance sheet date are included in the operating revenue for the year. For voyages that remained uncompleted as at the balance sheet date, the freight receivable for cargoes loaded onto the vessel up to the balance sheet date are accrued in the income statement. For time charter contracts, revenue is recognised on time apportionment basis.

l. Foreign Currencies

Transactions arising in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates or at contracted rates, where applicable. Assets and liabilities denominated in foreign currencies are translated into Ringgit Malaysia at the approximate rates of exchange prevailing at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

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

	2002 RM	2001 RM
Singapore Dollar	2.09	2.13
United States Dollar	3.80	3.80

m. Deferred Taxation

Deferred taxation is provided on timing differences using the liability method except where it can be demonstrated with reasonable probability that the tax deferrals will continue in the foreseeable future.

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

n. Investment

Investment is held on a long term basis and are stated at cost, unless in the opinion of the Directors there has been permanent diminution in value in which case provision is made for the decline in value.

3. ACCOUNTING PRINCIPLES (CONT'D)

o. Assets held under hire purchase

Assets acquired under hire purchase agreements are capitalised and are depreciated in accordance with the depreciation policy as set out above.

Outstanding obligation due under the hire purchase agreements after deducting finance expenses are included as liabilities in the financial statements. The finance expenses of the hire purchase are charged to the income statement over the periods of respective agreements so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

p. Provisions for Liabilities

Provisions for liabilities are recognised when the Company have 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 a provision is the present value of the expenditure expected to be required to settle the obligation.

q. Drydocking Expenditure

In prior year, provisions were made for drydocking expenditure for all ships in proportion to the period to the ship's next drydocking cycle. During the current financial year, the Company changed its accounting policy with respect to provision for drydocking. The Company has changed its accounting policy to recognise drydocking expenses based on the basis as described in note 3(p) pursuant to MASB 20 "Provisions, Contingent Liabilities and Contingent Assets". This change in accounting policy has been accounted retrospectively and the effects of this change are disclosed in note 27.

r. Statement of Cash Flows

The statement of cash flows classifies changes in cash and cash equivalents according to operating, investing and financing activities. The Company does not consider any of the assets other than cash and bank balances and short term investments, reduced by bank overdrafts to meet the definition of cash and cash equivalents. The statement of cash flow is prepared using the indirect method.

Cash and cash equivalents comprise bank balances, cash in hand and short term highly liquid assets that are readily convertible to cash without significant risk of changes in value less bank borrowings that are not subject to fixed term of repayment.

s. Interest Capitalisation

Interest incurred on borrowings directly associated with development properties is capitalised and included as part of development expenditure when planning, development and construction activities are carried out. Capitalisation of borrowing costs ceases when the assets are ready for their intended use or sale.

3. ACCOUNTING PRINCIPLES (CONT'D)

t. Impairment of Assets

The carrying values of assets 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. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss 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 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.

u. Financial Instruments

Financial instruments carried on the balance sheet include deposits with licensed banks, cash and bank balances, investments, receivable, payable and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4 PROPERTY, PLANT AND EQUIPMENT

	As at 1.1.2002 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.2002 RM
Group 2002				
COST				
Vessels	590,612,820	-	-	590,612,820
Office and other equipment	1,908,060	69,612	-	1,977,672
Motor vehicles	1,633,044	481,050	-	2,114,094
Renovation	376,574	-	-	376,574
	<u>594,530,498</u>	<u>550,662</u>	<u>-</u>	<u>595,081,160</u>
	As at 1.1.2002 RM	Change for the year RM	Disposal/ Retirement RM	As at 31.12.2002 RM
ACCUMULATED DEPRECIATION				
Vessels	92,089,677	25,444,761	-	117,534,438
Office and other equipment	1,299,060	254,760	-	1,553,820
Motor vehicles	631,718	374,673	-	1,006,391
Renovation	375,103	1,453	-	376,556
	<u>94,395,558</u>	<u>26,075,647</u>	<u>-</u>	<u>120,471,205</u>
				As at 31.12.2002 RM
NET BOOK VALUE				
Vessels				473,078,382
Office and other equipment				423,852
Motor vehicles				1,107,703
Renovation				18
				<u>474,609,955</u>

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.1.2001 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.2001 RM
2001				
COST				
Vessels	587,678,962	2,933,858	-	590,612,820
Office and other equipment	1,259,571	648,489	-	1,908,060
Motor vehicles	1,572,560	663,520	(603,036)	1,633,044
Renovation	387,594	-	(11,020)	376,574
	<u>590,898,687</u>	<u>4,245,867</u>	<u>(614,056)</u>	<u>594,530,498</u>
	As at 1.1.2001 RM	Charge for the year RM	Disposal/ Retirement RM	As at 31.12.2001 RM
ACCUMULATED DEPRECIATION				
Vessels	66,653,616	25,436,061	-	92,089,677
Office and other equipment	992,454	306,606	-	1,299,060
Motor vehicles	774,508	260,156	(402,946)	631,718
Renovation	379,707	2,117	(6,721)	375,103
	<u>68,800,285</u>	<u>26,004,940</u>	<u>(409,667)</u>	<u>94,395,558</u>
				As at 31.12.2001 RM
NET BOOK VALUE				
Vessels				498,523,143
Office and other equipment				609,000
Motor vehicles				1,001,326
Renovation				1,471
				<u>500,134,940</u>

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.1.2002 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.2002 RM
Company 2002				
COST				
Motor vehicle	-	481,050	-	481,050
Office equipment	1,273,446	69,612	-	1,343,058
	<u>1,273,446</u>	<u>550,662</u>	<u>-</u>	<u>1,824,108</u>
	As at 1.1.2002 RM	Charge for the year RM	Disposal/ Retirement RM	As at 31.12.2002 RM
ACCUMULATED DEPRECIATION				
Motor vehicle	-	96,210	-	96,210
Office equipment	723,669	237,970	-	961,639
	<u>723,669</u>	<u>334,180</u>	<u>-</u>	<u>1,057,849</u>
				As at 31.12.2002 RM
NET BOOK VALUE				
Motor vehicle				384,840
Office equipment				381,419
				<u>766,259</u>

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.1.2001 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.2001 RM
2001				
COST				
Office equipment	679,942	593,504	-	1,273,446
Renovation	11,020	-	(11,020)	-
	<u>690,962</u>	<u>593,504</u>	<u>(11,020)</u>	<u>1,273,446</u>
	As at 1.1.2001 RM	Charge for the year RM	Disposal/ Retirement RM	As at 31.12.2001 RM
ACCUMULATED DEPRECIATION				
Office equipment	439,026	284,643	-	723,669
Renovation	6,721	-	(6,721)	-
	<u>445,747</u>	<u>284,643</u>	<u>(6,721)</u>	<u>723,669</u>
				As at 31.12.2001 RM
NET BOOK VALUE				
Office equipment				549,777
Renovation				<u>-</u>
				<u>549,777</u>

The vessels have been pledged to financial institutions for credit facilities granted to the Group (Note 16).

The cost of motor vehicles of the Group and of the Company acquired under hire purchase agreements amounted to RM1,685,798 (2001: RM1,204,748) and RM481,050 (2001: RMNil) respectively.

5. LAND AND DEVELOPMENT EXPENDITURE

	2002 RM	Group 2001 RM
Leasehold land - At cost	-	5,214,225

Included in land cost is interest capitalised amounting to RMNil (2001: RM1,120,222).

6. INVESTMENT PROPERTY

	2002 RM	Group 2001 RM
Leasehold land - At cost	5,214,225	-

Included in land cost is interest capitalised amounting to RM1,120,222 (2001: RMNil).

The leasehold land was pledged to a financial institution for credit facility granted to a subsidiary company (Note 16).

7. SUBSIDIARY COMPANIES

	2002 RM	Company 2001 RM
Unquoted shares, at cost:		
- As at 1 January	41,402,949	22,402,949
- Addition during the year	-	19,000,000
- As at 31 December	41,402,949	41,402,949

The shares of all subsidiary companies are held directly by the Company. Details of the subsidiary companies are as follows:

	Country of incorporation	Principal activities	2002	Equity interest 2001
AHS Marine Sdn Bhd	Malaysia	Shipowning	100%	100%
Meridian Shipping Sdn Bhd	Malaysia	Shipowning	100%	100%
OHM Bulk Services Sdn Bhd	Malaysia	Shipowning	100%	100%
OHM Tankers Sdn Bhd	Malaysia	Shipowning	100%	100%
Jubilee Shipping Sdn Bhd	Malaysia	Shipowning	100%	100%
Patriot Shipping Sdn Bhd	Malaysia	Shipowning	100%	100%
Splendid Shipping Sdn Bhd	Malaysia	Shipowning	60%	60%
Sterling Shipping Sdn Bhd	Malaysia	Shipowning	60%	60%
Polaris Shipping Sdn Bhd	Malaysia	Shipowning	51%	51%
Prima Shipbrokers Sdn Bhd	Malaysia	Shipbroking and ship chartering	100%	100%
Prima Shipmanagement	Malaysia	Ship management	100%	100%
Sendirian Berhad		services		
Emerald Equity Sdn Bhd	Malaysia	Dormant	100%	100%
Meridian Tankers Sdn Bhd	Malaysia	Dormant	100%	100%
Prima Delima Sdn Bhd	Malaysia	Dormant	100%	100%

8. ASSOCIATED COMPANY

	2002 RM	Group 2001 RM	2002 RM	Company 2001 RM
Unquoted shares, at cost	8,878,000	8,878,000	8,878,000	8,878,000
Share of accumulated loss of associated company	(431,376)	(445,819)	-	-
	<u>8,446,624</u>	<u>8,432,181</u>	<u>8,878,000</u>	<u>8,878,000</u>
Represents by:				
Group's share of net tangible assets	8,446,624	8,432,181		

There is no goodwill arising from the acquisition of this associated company.

The shares of the associated company is held directly by the Company. Details of the associated company are as follows:

	Country of incorporation	Principal activities	Equity interest 2002	2001
Kemaman Heavy Industries Sdn Bhd	Malaysia	Dormant	48.15%	48.15%

9. INVESTMENTS

	Group and Company	
	2002 RM	2001 RM
Unquoted shares, at cost	50,000	50,000
Unquoted bonds, at cost	4,000,000	-
	<u>4,050,000</u>	<u>50,000</u>

10. TRADE RECEIVABLES

	2002 RM	Group 2001 RM
Included in trade receivables is an amount due from corporations in which certain Directors have an interest	2,041,191	1,934,372

This balance is unsecured, interest free and have no fixed terms of repayment.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2002 RM	Group 2001 RM Restated	2002 RM	Company 2001 RM Restated
Other receivables	325,990	3,030,547	28,310	57,799
Deposits	153,403	153,257	62,259	124,113
Prepayments	187,106	158,257	-	-
	<u>666,499</u>	<u>3,342,061</u>	<u>90,569</u>	<u>181,912</u>

12. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

These balances are unsecured, interest free and have no fixed terms of repayment except for an amount of approximately RM38,029,000 (2001: RM3,261,000) due from subsidiary companies which bear interests ranging from 1.25% to 6.40% (2001: 6.40% to 6.80%) per annum.

13. DEPOSITS WITH LICENSED BANKS

	2002 RM	Group 2001 RM	2002 RM	Company 2001 RM
Deposits with licensed banks	<u>71,259,913</u>	<u>23,323,164</u>	<u>15,500,000</u>	<u>1,300,000</u>

Deposits with licensed banks comprise of fixed deposits and short term repo. The fixed deposits are renewable monthly.

Included in these balances is an amount of RM203,549 (2001: RM203,549) which has been pledged to a bank as security for banking facility extended to a subsidiary company.

14. TRADE PAYABLES

	2002 RM	Group 2001 RM
Included in trade payables is an amount due to corporations in which certain Directors have an interest	<u>179,323</u>	<u>140,489</u>

This balance is unsecured, interest free and have no fixed terms of repayment.

15. OTHER PAYABLES AND ACCRUALS

	2002 RM	Group 2001 RM Restated	2002 RM	Company 2001 RM
Other payables	7,677,931	4,439,517	1,586,205	1,667,146
Accruals	7,108,007	9,213,797	1,021,591	796,771
	<u>14,785,938</u>	<u>13,653,314</u>	<u>2,607,796</u>	<u>2,463,917</u>
Included in other payables is an amount due to corporations in which certain Directors have interest	78,431	129,295	-	11,605

These balances are unsecured, interest free and have no fixed terms of repayment.

16. LONG TERM LIABILITIES

	2002 RM	Group 2001 RM	2002 RM	Company 2001 RM
Hire purchase payable:				
Minimum payment				
- not later than one year	373,577	241,192	132,420	-
- later than one year and not later than five years	504,668	602,380	143,445	-
	<u>878,245</u>	<u>843,572</u>	<u>275,865</u>	<u>-</u>
Future finance charges on hire purchase	(94,554)	(180,338)	(23,057)	-
	<u>783,691</u>	<u>663,234</u>	<u>252,808</u>	<u>-</u>
Present value of hire purchase liability				
Current year	314,311	190,595	115,819	-
Non-current	469,380	472,639	136,989	-
	<u>783,691</u>	<u>663,234</u>	<u>252,808</u>	<u>-</u>
Present value of hire purchase liability				
- not later than one year	314,311	190,595	115,819	-
- later than one year and not later than five years	469,380	472,639	136,989	-
	<u>783,691</u>	<u>663,234</u>	<u>252,808</u>	<u>-</u>

16. LONG TERM LIABILITIES (CONT'D)

	2002 RM	Group 2001 RM	2002 RM	Company 2001 RM
Term loans	364,000,216	379,299,315	89,482,892	55,617,234
Payable within one year	(54,121,139)	(55,295,670)	(6,860,678)	(6,134,456)
Payable after one year	309,879,077	324,003,645	82,622,214	49,482,778
The breakdown of amount payable after one year is as follows:				
Between two to five years	241,333,965	218,302,768	72,922,214	31,017,235
After five years	68,545,112	105,700,877	9,700,000	18,465,543
	309,879,077	324,003,645	82,622,214	49,482,778
Loans from corporate shareholders of subsidiary companies	21,690,600	21,690,600	-	-
Total long term liabilities	332,039,057	346,166,884	82,759,203	49,482,778

The term loans of the Company are secured by way of charge over the Group's vessels (Note 4) and are repayable within a period of 5 to 9 years from the date of loan drawdown.

The term loans of the subsidiary companies are secured by way of charge over the Group's vessels (Note 4), a piece of leasehold land (Note 6) and corporate guarantee (Note 31) of the Company and are repayable within a period of 5 to 10 years from the date of loan drawdown.

The loans from the corporate shareholder of the subsidiary companies to the respective companies are unsecured, interest free and have no fixed terms of repayment.

17. SHARE CAPITAL

	Group and Company	
	2002 RM	2001 RM
Ordinary shares of RM1.00 each		
Authorised:		
At 1 January	100,000,000	50,000,000
Created during the financial year	-	50,000,000
At 31 December	100,000,000	100,000,000
Issued and fully paid:		
At 1 January	68,680,000	20,333,000
Issued during the financial year	10,000	48,347,000
At 31 December	68,690,000	68,680,000

During the financial year, the Company has issued 10,000 new ordinary shares of RM1.00 each, arising from the conversion of the Company's 8% Irredeemable Convertible Unsecured Loan Stocks.

18. RESERVES

	2002 RM	Group 2001 RM (Restated)	2002 RM	Company 2001 RM (Restated)
Non-distributable				
Share premium				
At 1 January	16,606,268	1,421,390	16,606,268	1,421,390
Premium arising from conversion of ICULS	2,700	15,563,020	2,700	15,563,020
ICULS expenses	(5,000)	(16,850)	(5,000)	(16,850)
Listing expenses	(56,578)	(361,292)	(56,578)	(361,292)
At 31 December	16,547,390	16,606,268	16,547,390	16,606,268
Reserve on consolidation				
Reserve on consolidation	10,671,393	10,671,393	-	-
Goodwill on consolidation	(218,156)	(218,156)	-	-
	10,453,237	10,453,237	-	-
Total non-distributable reserves	27,000,627	27,059,505	16,547,390	16,606,268
Distributable				
Retained profit				
At 1 January				
- As previously reported	31,416,500	52,909,742	2,528,517	30,755,160
- Prior year adjustment	8,133,923	4,406,508	(4,966,000)	609,990
- As restated	39,550,423	57,316,250	(2,437,483)	31,365,150
Profit for the year	27,702,611	24,052,163	17,836,990	8,015,357
Dividend paid	(3,434,500)	(609,990)	(3,434,500)	(609,990)
Bonus issue	-	(41,208,000)	-	(41,208,000)
At 31 December	63,818,534	39,550,423	11,965,007	(2,437,483)
Merger adjustment	(7,983,789)	(7,983,789)	-	-
Total distributable reserves	55,834,745	31,566,634	11,965,007	(2,437,483)
Total Reserves	82,835,372	58,626,139	28,512,397	14,168,785

The merger adjustment represents the excess of nominal value of shares issued as consideration over the nominal value of shares acquired.

19. 8% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 1999/2004 (ICULS)

	Group and Company	
	2002	2001
	RM	RM
At 1 January	12,526,000	19,665,000
Amount converted to ordinary shares during the financial year	(10,000)	(7,139,000)
At 31 December	<u>12,516,000</u>	<u>12,526,000</u>

The 8% Irredeemable Convertible Unsecured Loan Stocks 1999/2004 ("ICULS") at nominal value of RM1.00 each were constituted by a Trust Deed dated 13 May 1999 and Supplemental Trust Deed dated 4 April 2000 made by the Company and the Trustee for the holders of the ICULS. The main features of the Company's ICULS were as follows:

- (a) The ICULS shall be convertible into fully paid ordinary shares of the Company during the period from 1 July 1999 to the maturity date at 30 June 2004 by either:
- * Tendering RM1.27 nominal amount of ICULS, for cancellation by the Company, for each new share; or
 - * Partly tendering the ICULS at nominal value towards satisfying a sum equal to RM1.00 or multiples thereof and partly by paying the balance of the conversion price for each new share in cash.
- (b) Upon conversion of the ICULS into new ordinary shares, such shares should rank pari passu in all respects with the ordinary shares of the Company in issue at the time of conversion except that they would not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which the ICULS are converted or any interim dividend declared prior to the date of conversion of the ICULS.
- (c) The interest on the ICULS is payable annually in arrears.

20. REVENUE

	2002	Group	2002	Company
	RM	2001	RM	2001
		RM		RM
				(Restated)
Freight charges	132,763,463	133,084,386	-	-
Management fee	-	-	-	288,000
Dividend	-	-	25,200,000	15,200,000
	<u>132,763,463</u>	<u>133,084,386</u>	<u>25,200,000</u>	<u>15,488,000</u>

21. OTHER OPERATING INCOME

	2002 RM	Group 2001 RM	2002 RM	Company 2001 RM
Gain on foreign exchange	19,908	127,776	-	-
Gain on disposal of property, plant and equipment	-	131,911	-	-
Interest income	742,234	548,841	428,675	283,490
Other income	-	132,633	-	-
	762,142	941,161	428,675	283,490

22. PROFIT FROM OPERATIONS

The following items have been charged in arriving at profit from operations:

	2002 RM	Group 2001 RM	2002 RM	Company 2001 RM
Agency fee	135,186	104,675	-	-
Auditors' remuneration				
- Current year's provision	51,200	51,200	4,000	4,000
- Overprovision in prior year	(1,260)	(8,500)	-	-
Crew cost	16,665,873	17,247,237	-	-
Deferred expenditure written off	-	654,559	-	-
Depreciation of property, plant and equipment	26,075,647	26,004,940	334,180	284,643
Directors' fee	-	90,000	-	90,000
Directors' remuneration				
- Directors of the corporation	961,095	1,028,700	-	-
- Other directors of subsidiary companies	365,722	-	-	-
Finance costs				
- Bank overdraft interest	-	52,967	-	52,967
- Borrowing cost	1,000,000	-	1,000,000	-
- Hire purchase interest	133,034	83,404	24,193	-
- ICULS 8% interest	1,001,280	1,287,240	1,001,280	1,287,240
- Other interest	256,306	56,547	47,640	56,547
- Term loan interest	14,365,119	25,239,326	4,576,485	5,320,187
Loss on foreign exchange	-	-	22	-
Management fee	3,186,026	2,185,594	-	-
Property, plant and equipment written off	-	4,299	-	4,299
Rental of premises	1,259,760	884,018	-	-
Staff costs	2,113,453	1,806,987	265,525	487,208

The total number of employees of the Group and of the Company (including directors) at the financial year end were 60 (2001: 65) and 14 (2001: 12) respectively.

23. EXCEPTIONAL ITEM

	2002 RM	Group 2001 RM
Minority shareholders' loan waived in subsidiary companies	-	9,013,200

24. TAXATION

	2002 RM	Group 2001 RM
Current year's tax charge	25,000	76,574
(Over)/under-provision in prior year	(50,867)	1,810
	(25,867)	78,384
Share of tax of an associated company	(562)	15,890
	(26,429)	94,274

The income of the Group derived from the operations of sea-going Malaysian registered ships is tax exempt under Section 54A of the Income Tax Act, 1967. The taxation charge of the Group is attributable to other income.

25. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group's profit after taxation and minority interest of RM27,702,611 (2001: RM24,052,163) by the weighted average number of shares issued during the financial year of 68,689,836 (2001: 57,619,507).

The fully diluted earnings per share has been calculated based on the adjusted profit after taxation and minority interest of RM28,987,754 (2001: RM25,338,333) and on the adjusted weighted average number of shares issued and issueable for the financial year of 81,205,836 (2001: 70,145,507).

The assumptions are:

- (i) The 12,516,000 ICULS as at 31 December 2002 have been converted to ordinary shares on 1 January 2002 by surrendering one ICULS plus cash of RM0.27 for one ordinary share.
- (ii) The proceeds received from the above transaction were utilised to repay the Group outstanding term loans.

26. DIVIDENDS

Dividends declared or proposed in respect of the financial year ended 31 December 2002 are as follows:

	Year ended 31.12.2002		Year ended 31.12.2001	
	Gross dividend per share	Dividend net of tax	Gross dividend per share	Dividend net of tax
	Sen	RM	Sen	RM
First and final tax exempt dividend paid	5	3,434,500	3	609,990
Proposed final dividend	7	4,808,300	5	3,434,000

At the forthcoming Annual General Meeting, a final gross dividend in respect of the financial year ended 31 December 2002 of 7 sen per share (2001: 5 sen per share) amounting to RM4,808,300 (2001: RM3,434,000) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability in the financial year ending 31 December 2003 when approved by shareholders. This represents a change in accounting treatment from that of prior years as explained in note 27.

27. PRIOR YEAR ADJUSTMENT

During the financial year, the Company changed its accounting policy with respect to the recognition of liabilities in compliance with the new MASB Standard 19 "Events After the Balance Sheet Date" and MASB Standard 20 "Provisions, Contingent Liabilities and Contingent Assets". This change in policy has effect on the accounting treatment as follows:

a) Dividends (Note 26)

In previous years, dividends were accrued as a liability when proposed by directors. The Company has now changed this accounting policy to recognise dividends on shareholders' equity in the period in which the obligation to pay is established in accordance with MASB Standard 19. Therefore, final dividends are now accrued as a liability after approval by shareholders at the Annual General Meeting.

b) Provisions

Following the introduction of MASB Standard 20, the effect of the change in accounting policy for provision for drydocking expenditure as referred in note 3(q). This change in accounting policy has been accounted for retrospectively and comparative information have been restated to conform with the change in accounting policy.

27. PRIOR YEAR ADJUSTMENT (CONT'D)

The new accounting policy has the effect of increasing in the profit before taxation for the financial year by RM2,105,750 (2001: RM1,661,973) and RM8,400,000 (2001: decreased by RM8,400,000) for the Group and the Company respectively. The other effects of the change on the financial statements are as follows:

	As previously reported RM	Effect of change in policy RM	Reclassification RM	As restated RM
Group				
Income Statement for the year ended				
31 December 2001				
- Profit before taxation				
after exceptional item	29,361,052	1,661,973	4,800,000	35,823,025
- Administrative expenses	11,436,096	-	(4,800,000)	6,636,096
- Other operating expenses	75,413,178	(1,661,973)	-	73,751,205
- Minority interest	4,955,821	1,170,400	4,800,000	10,926,221
- Pre-acquisition profit	1,162,199	(411,832)	-	750,367
Balance Sheet as at				
31 December 2001				
- Retained earnings	31,416,500	8,133,923	-	39,550,423
- Reserves on consolidation	10,059,778	393,459	-	10,453,237
- Proposed dividends	3,434,000	(3,434,000)	-	-
- Provision for drydocking	10,223,382	(6,423,382)	(3,800,000)	-
- Minority interest	5,868,020	1,330,000	-	7,198,020
- Other receivables, deposits and prepayments	4,327,435	-	(985,374)	3,342,061
- Trade payables	4,798,486	-	(547,231)	4,251,255
- Other payables and accruals	10,291,457	-	3,361,857	13,653,314
Company				
Income Statement for the year ended				
31 December 2001				
- Profit before taxation				
after exceptional item	16,415,357	(8,400,000)	-	8,015,357
- Dividend income	23,888,000	(8,400,000)	-	15,488,000
Balance Sheet as at				
31 December 2001				
- Retained earnings	2,528,517	(4,966,000)	-	(2,437,483)
- Proposed dividends	3,434,000	(3,434,000)	-	-
- Amount due from subsidiary companies	108,955,362	(8,400,000)	428,090	100,983,452
- Other receivables, deposits and prepayments	610,002	-	(428,090)	181,912

28. SIGNIFICANT INTER-COMPANY TRANSACTIONS

	2002 RM	Company 2001 RM (Restated)
Dividend income received from subsidiary companies	25,200,000	15,200,000
Interest income received from subsidiary companies	324,920	188,744
Management fee received from subsidiary companies	-	288,000
Loan interest to associated company	47,640	56,547

29. RELATED PARTY TRANSACTIONS

During the financial year, the Group entered into transactions at arm's length with Mentari Muara Sdn. Bhd. (MMSB), a company incorporated in Malaysia. MMSB is deemed related to the Group by virtue of the mutual interests of certain Directors of the Group, namely Tan Sri Dato' Halim Bin Mohammad and Puan Sri Datin Mazmin Binti Noordin in MMSB and the Group, and also by virtue of common directorship held by Othman Bin Samat in MMSB and the Group.

The Group also entered into transactions at arm's length with OHM Maritime Sdn Bhd (OMSB), a company incorporated in Malaysia. OMSB is deemed related to the Group by virtue of common directorship held by Tan Sri Dato' Halim Bin Mohammad and Puan Sri Datin Mazmin Binti Noordin in OMSB and the Group, and by virtue of their mutual interests in these companies.

The Group also entered into transactions at arm's length with City Connections Travel Sdn Bhd (CCTSB), a company incorporated in Malaysia. CCTSB is deemed related to the Group as certain Directors of the Group, namely Tan Sri Dato' Halim Bin Mohammad and Puan Sri Datin Mazmin Binti Noordin by virtue of their mutual interests in CCTSB and the Group, and also by virtue of common directorship held by Puan Sri Datin Mazmin Binti Noordin and Tuan Haji Mazlan Bin Nordin in both CCTSB and the Group.

The Group also entered into transactions at arm's length with Prima Shipping Sdn. Bhd. (PSSB), a company incorporated in Malaysia. PSSB is deemed related to the Group as certain Directors of the Group, namely, Tan Sri Dato' Halim Bin Mohammad and Puan Sri Mazmin Binti Noordin by virtue of their mutual interests in PSSB and the Group, and also by virtue of common directorship held by Tan Sri Dato Halim Bin Mohammad and Othman Bin Samat in both PSSB and the Group.

The Group also entered into transactions at arm's length with OHM Maritime Services Pte Ltd (OMSPL), a company incorporated in Singapore. OMSPL is deemed related to the Group by virtue of common directorship held by Suresh Emmanuel Abishegam in OMSPL and the Group, and by virtue of his mutual interests in these companies.

Nature of transactions:

	2002 RM	Amount billed Group 2001 RM
Rental of premises to MMSB	1,260,000	806,129
Ocean freight charged to PSSB	11,383,442	10,047,664
Demurrage charges charged to PSSB	839,341	1,561,013
Agency and crew attendance fee to OMSB	109,325	95,422
Agency and crew attendance fee to OMSPL	71,219	13,566
Air fare to CCTSB	814,323	359,830

29. RELATED PARTY TRANSACTIONS (CONT'D)

The above related transactions are undertaken in the ordinary course of business at arm's length.

	2002 RM	Group 2001 RM
Amount outstanding at 31 December on transactions entered into during the financial year:		
Due from PSSB	2,041,191	1,524,320
Due to CCTSB	15,436	18,006
Due to OMSB	23,440	95,422
Due to OMSPL	8,590	-

30. SEGMENTAL ANALYSIS

During the financial year, the Group principally operates in shipping industry and related activities.

31. CONTINGENT LIABILITIES (UNSECURED)

Corporate guarantees extended by the Company to financial institutions for credit facilities granted to its subsidiary companies:

	Limit RM	Exposure as at 31.12.2002 RM
OHM Bulk Services Sdn Bhd	5,000,000	-
AHS Marine Sdn Bhd	16,000,000	3,528,839
OHM Tankers Sdn Bhd	19,550,000	525,000
Jubilee Shipping Sdn Bhd	77,000,000	52,440,000
Patriot Shipping Sdn Bhd	77,000,000	52,440,000
Prima Shipbrokers Sdn Bhd	500,000	-
Prima Delima Sdn Bhd	3,100,000	1,723,263
Splendid Shipping Sdn Bhd	39,763,200	29,960,467
Sterling Shipping Sdn Bhd	39,763,200	29,960,467
Polaris Shipping Sdn Bhd	37,209,600	32,635,920

32. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 17 January 2002, the Company transferred the listing and quotation of its entire issued and paid-up share capital and the outstanding 8% Irredeemable Convertible Unsecured Loan Stocks 1999/2004 from the Second Board to the Main Board of the Kuala Lumpur Stock Exchange.

33. SUBSEQUENT EVENTS TO THE BALANCE SHEET DATE

- a) On 12 March 2003, the Company acquired an additional 40,000 ordinary shares of RM1.00 each representing 40.0% equity interest in Sterling Shipping Sdn. Bhd. for a total consideration of RM1.
- b) On 12 March 2003, the Company acquired an additional 40,000 ordinary shares of RM1.00 each representing 40.0% equity interest in Splendid Shipping Sdn. Bhd. for a total consideration of RM1.

34. MATERIAL LITIGATION

Kemaman Heavy Industries Sdn Bhd (KHISB) a 48.15% owned associated company is involved in litigation as defendant for a liquidated sum of RM1,581,821.39 on an alleged contract for services. The solicitors of KHISB is of the opinion that the claim for the liquidated sum is unlikely to succeed as the documents of the plaintiff evidenced that there was no firm agreement between the parties. In view of the aforesaid, the Directors of Halim Mazmin Berhad are and have always been of the view that the plaintiff is unlikely to succeed on its claim and are certain that this suit will not in any way affect the position or business of Halim Mazmin Berhad.

35. FINANCIAL INSTRUMENTS

- a. (i) Interest Rate Risk

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on classes of financial assets and financial liabilities, are as follows :

	RM	2002 Effective interest rate %	RM	2001 Effective interest rate %
Group				
Financial Assets				
- Deposits with licensed banks	71,259,913	0.98 - 3.20	23,323,164	1.50 - 6.40
- Other investments	4,050,000	-	50,000	-
Financial Liabilities				
- Term loan				
- Fixed interest rate	40,000,000	5.00	-	-
- Fixed interest rate	3,528,839	7.75	5,222,682	7.75
- Fixed interest rate	525,000	7.85	1,785,000	7.85
- Floating interest rate	319,946,377	2.45 - 8.40	372,291,633	3.12 - 9.30

35. FINANCIAL INSTRUMENTS (CONT'D)

	RM	2002 Effective interest Rate %	RM	2001 Effective interest rate %
Company				
Financial Assets				
- Deposits with licensed banks	15,500,000	2.20 - 3.20	1,300,000	2.10 - 3.45
- Other investments	4,050,000	-	50,000	-
Financial Liabilities				
- Term loan				
- Fixed interest rate	40,000,000	5.00	-	-
- Floating interest rate	49,482,892	8.03 - 8.40	55,617,234	8.03 - 8.80

The management actively reviews the Group's debt portfolio to consider entering into hedging instruments such as interest rate swaps as and when it deemed fit.

(ii) Credit Risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

The Group has no significant concentration of credit risk with any single counterparty. In respect of investment in cash, the policy is to transact with financial institutions that have at least a short term counterparty rate.

At 31 December 2002, the Group had no significant credit risk associated with its exposure to potential counterparty failure to settle outstanding foreign currency.

b. Fair values of financial instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at financial year end approximated their fair values because of their short maturity period.

The fair value of long term borrowings is estimated based on the quoted market prices for the same or similar issues or on the current rates available for borrowings with the same maturity profile.

36. COMPARATIVES

Certain comparative figures have been adjusted due to the prior year adjustments as described in note 27, and to conform with current year's presentation.

37. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 31 December 2002 were authorised for issue in accordance with a resolution of the Board of Directors on 21 March 2003.

A. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of HMB (holding 5% or more of the issued and paid-up share capital of the Company) and their respective shareholdings in the Company according to the Register of Substantial Shareholders as at 31 March 2003 are as follows:-

	Name	Direct Interest		Indirect Interest	
		No. of shares	%	No. of shares	%
1.	Tan Sri Dato' Halim Bin Mohammad	@29,275,000	42.62	*7,702,500	11.21
2.	Puan Sri Datin Mazmin Bin Noordin	7,702,500	11.21	#29,275,000	42.62
3.	Credit Suisse Singapore for Keystone Worldwide Limited	^5,505,000	8.01	-	-

@ Including 4,465,000 HMB shares held through PAB Nominee (Tempatan) Sdn Bhd and 1,750,000 HMB shares held through RHB Capital Nominees (Tempatan) Sdn Bhd.

* Deemed interest held by his spouse, Puan Sri Datin Mazmin Binti Noordin.

Deemed interest held by her spouse, Tan Sri Dato' Halim Bin Mohammad.

^ Shares held through Cartaban Nominees (Asing) Sdn Bhd.

B. DIRECTORS' INTERESTS

1. Ordinary shares of RM1.00 each.

The Directors of HMB and their respective shareholding in HMB as at 31 March 2003 are as follows:-

	Name	Direct Interest		Indirect Interest	
		No. of shares	%	No. of shares	%
1.	Tan Sri Dato' Halim Bin Mohammad	@29,275,000	42.62	*7,702,500	11.21
2.	Puan Sri Datin Mazmin Bin Noordin	7,702,500	11.21	#29,275,000	42.62
3.	Dato' Seri Haji Sulaiman Bin Mohd Amin	-	-	-	-
4.	Dato' Edris @ Idris Bin Haji Wahed	-	-	-	-
5.	Tan Sri Dato' Abdul Aziz Bin Ismail	-	-	-	-
6.	Tuan Haji Mazlan Bin Nordin	-	-	^55,000	0.08
7.	Mr Patrick Lim Keng Lee	-	-	-	-
8.	Mr Ee Beng Wat	-	-	-	-

@ Including 4,465,000 HMB shares held through PAB Nominee (Tempatan) Sdn Bhd and 1,750,000 HMB shares held through RHB Capital Nominees (Tempatan) Sdn Bhd.

* Deemed interest held by his spouse, Puan Sri Datin Mazmin Binti Noordin.

Deemed interest held by her spouse, Tan Sri Dato' Halim Bin Mohammad.

^ Deemed interest held by his spouse, Zaimah Bt. Ahmad.

2. Irredeemable Convertible Unsecured Loan Stocks (ICULS) of RM1.00 each.

The Directors of HMB and their respective ICULS holdings in HMB as at 31 March 2003 are as follows:-

Name	Direct Interest		Indirect Interest	
	No. of ICULS	%	No. of ICULS	%
1. Tan Sri Dato' Halim Bin Mohammad	10,641,000	85.02	-	-
2. Puan Sri Datin Mazmin Bin Noordin	-	-	#10,641,000	85.02
3. Dato' Seri Haji Sulaiman Bin Mohd Amin	-	-	-	-
4. Dato' Edris @ Idris Bin Haji Wahed	-	-	-	-
5. Tan Sri Dato' Abdul Aziz Bin Ismail	-	-	-	-
6. Tuan Haji Mazlan Bin Nordin	-	-	-	-
7. Mr Patrick Lim Keng Lee	-	-	-	-
8. Mr Ee Beng Wat	-	-	-	-

Deemed interest held by her spouse, Tan Sri Dato' Halim Bin Mohammad.

C. NUMBER OF SHAREHOLDERS ACCORDING TO TYPE OF SECURITIES

Type of securities	Voting rights	No. of holders
1. Ordinary Shares of RM1.00 each	On a show of hand, one vote for every member present. On a poll, one vote for every ordinary share held	867
2. ICULS of RM1.00 each	NIL	182

D. ANALYSIS BY SIZE OF HOLDINGS

1. Ordinary shares of RM1.00 each

No. of shareholders	Holdings	No. of shares	%
18	Less than 1,000	8,500	0.01
741	1,000 to 10,000	2,121,500	3.09
82	10,001 to 100,000	2,527,500	3.68
22	100,001 to less than 5% of issued shares	23,300,000	33.92
4	5% and above of issued shares	40,732,500	59.30
867	Total	68,690,000	100.00

2. ICULS of RM1.00 each

No. of ICULS holders	Holdings	No. of ICULS	%
-	Less than 1,000	-	-
171	1,000 to 10,000	380,000	3.04
8	10,001 to 100,000	229,000	1.83
1	100,001 to less than 5% of issued ICULS	458,000	3.66
2	5% and above of issued ICULS	11,449,000	91.47
182	Total	12,516,000	100.00

E. TOP 30 SECURITIES ACCOUNT HOLDERS

1. Ordinary shares of RM1.00 each

	Shareholders' Names	No. of shares	%
1.	Tan Sri Dato' Halim Bin Mohammad	23,060,000	33.57
2.	Puan Sri Datin Mazmin Binti Noordin	7,702,500	11.21
3.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary : Keystone Worldwide Limited)	5,505,000	8.01
4.	PAB Nominee (Tempatan) Sdn Bhd (Beneficiary : Tan Sri Dato' Halim Bin Mohammad)	4,465,000	6.50
5.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary : Fresa Overseas Limited)	3,205,000	4.67
6.	Donatian Felix Dorairaj	2,980,000	4.34
7.	Employees Provident Fund Board	2,645,000	3.85
8.	HSBC Nominees (Asing) Sdn Bhd (Beneficiary : Genesis Malaysia Maju Fund Limited)	2,211,000	3.22
9.	RHB Capital Nominees (Tempatan) Sdn Bhd (Beneficiary : Tan Sri Dato' Halim Bin Mohammad)	1,750,000	2.55
10.	DB (Malaysia) Nominee (Asing) Sdn Bhd (Beneficiary : Southaven Holdings Ltd)	1,750,000	2.55
11.	RHB Nominees (Asing) Sdn Bhd (Beneficiary : Kripalson International Ltd)	1,577,000	2.30
12.	HSBC Nominees (Tempatan) Sdn Bhd (Beneficiary : Amanah Saham Sarawak)	1,285,000	1.87
13.	Lee Chee Ming	1,069,000	1.56
14.	Botly Nominees (Tempatan) Sdn Bhd (Beneficiary : Oh Kim Sun)	908,000	1.32
15.	AMMB Nominees (Tempatan) Sdn Bhd (Beneficiary : Employees Provident Fund)	750,000	1.09
16.	Choong Moh Huat	549,000	0.80
17.	Cartaban Nominees (Tempatan) Sdn Bhd (Beneficiary : CCM Group Retirement Benefit)	500,000	0.73
18.	Bumiputra-Commerce Trustee Berhad (Beneficiary : Amanah Saham Darul Iman)	482,500	0.70
19.	Suresh Emmanuel Abishegam	286,500	0.42
20.	PRB Nominees (Tempatan) Sdn Bhd (Beneficiary : Rubber Industry Smallholders Development Authority)	270,000	0.39
21.	Amanah Raya Nominees (Tempatan) Sdn Bhd (Beneficiary : Mayban Dana Yakin)	212,000	0.31
22.	Choong Gaik Li	200,000	0.29
23.	Toshio Miyauchi	197,000	0.29
24.	Nican Asia Limited	173,000	0.25
25.	Oh Kim Sun	150,000	0.22
26.	Botly Nominees (Tempatan) Sdn Bhd (Beneficiary : Wong Ah Tim @ Ong Ah Tin)	150,000	0.22
27.	F.I.T Nominees (Asing) Sdn Bhd (Beneficiary : Goldblock Investments Limited)	100,000	0.15
28.	Ke-Zan Nominees (Asing) Sdn Bhd (Beneficiary : Herbert Lotman)	95,000	0.14
29.	Ebeneyer Philip Selvam S/O C C Samuel	95,000	0.14
30.	Aileen Lee Pei Pei	95,000	0.14

2. ICULS of RM1.00 each

	ICULS holders' Names	No. of ICULS	%
1.	Tan Sri Dato' Halim Bin Mohammad	10,641,000	85.02
2.	RHB Nominees (Asing) Sdn Bhd (Beneficiary : Kripalson International Ltd)	808,000	6.46
3.	Employees Provident Fund Board	458,000	3.66
4.	PRB Nominees (Tempatan) Sdn Bhd (Beneficiary : Rubber Industry Smallholders Development Authority)	57,000	0.46
5.	Durairaj A/L R Govindasamy	43,000	0.34
6.	Chow Yook Hey @ Chow Yoke Pui	30,000	0.24
7.	Affin-UOB Nominees (Asing) Sdn Bhd (Beneficiary : Johannsen Bjorn Wilhelm)	25,000	0.20
8.	Teoh Ghin Lye	20,000	0.16
9.	Formis Holdings Berhad	20,000	0.16
10.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary : Lucky Star Investment S Ltd)	20,000	0.16
11.	Arzaham Bin Abdul Rahman	14,000	0.11
12.	Surjeet Kaur A/P S.Sucha Singh	10,000	0.08
13.	Teh Leng San	9,000	0.07
14.	HDM Nominees (Asing) Sdn Bhd (Beneficiary : Siew Whye Yen Geraldine)	9,000	0.07
15.	Citicorp Nominees (Tempatan) Sdn Bhd (Beneficiary : Mohinder Singh A/L S.Sucha Singh)	9,000	0.07
16.	Tee Ching Pau	7,000	0.06
17.	Johannsen Bjorn Wilhelm	7,000	0.06
18.	Citicorp Nominees (Tempatan) Sdn Bhd (Beneficiary : Tan Chu Chin)	7,000	0.06
19.	Citicorp Nominees (Asing) Sdn Bhd (Beneficiary : Teoh Kim Chai)	7,000	0.06
20.	Ng Sye Pink @ Joachim	6,000	0.05
21.	Mayban Nominees (Tempatan) Sdn Bhd (Beneficiary : Mohinder Singh A/L S.Sucha Singh)	6,000	0.05
22.	Lew Yock Kim	6,000	0.05
23.	Jagjeet Singh S/O Ranjit Singh	6,000	0.05
24.	Goh Seng Aun	6,000	0.05
25.	Aileen Lee Pei Pei	6,000	0.05
26.	Yu Kuan Huat	5,000	0.04
27.	Yong Yue Poh	5,000	0.04
28.	Thong & Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary : Tyebally Evelyne Ingeborg)	5,000	0.04
29.	Sam Ah Noi @ Sam Choon Kook	5,000	0.04
30.	Mayban Nominees (Tempatan) Sdn Bhd (Beneficiary : Pang Tsu Ming)	5,000	0.04

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting ("AGM") of the Company will be held at CITITEL-Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Thursday, 29 May 2003 at 2.45 p.m. for the following purposes:

AGENDA

As Ordinary Business

1. To consider and receive the audited financial statements of the Company for the year ended 31 December 2002 and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of a First and Final Tax Exempt Dividend of 7% per ordinary share of RM1.00 each in respect of the year ended 31 December 2002. **Resolution 2**
3. To approve the payment of Directors' fees of RM120,000 in respect of the year ended 31 December 2002. **Resolution 3**
4. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-
"THAT Dato' Seri Haji Sulaiman Bin Mohd Amin, after having attained the age of seventy years, and retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **Resolution 4**
5. To re-elect the Director, Tan Sri Dato' Halim Bin Mohammad, who retires by rotation pursuant to Article 89 of the Company's Articles of Association, and being eligible, offers himself for re-election. **Resolution 5**
6. To re-elect the Director, Puan Sri Datin Mazmin Binti Noordin, who retires by rotation pursuant to Article 89 of the Company's Articles of Association, and being eligible, offers herself for re-election. **Resolution 6**
7. To re-appoint Messrs Ong & Wong as Auditors and to authorize the Board of Directors to fix their remuneration. **Resolution 7**

As Special Business

To consider and, if thought fit, to pass the following ordinary resolutions with or without any modifications:-

8. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**
"THAT subject to Section 132D of the Companies Act, 1965, and approvals from the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue, in addition to such number of ordinary shares as are issued pursuant to the conversion of the 8% Irredeemable Convertible Unsecured Loan Stocks 1999/2004 ("ICULS 1999/2004"), new shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution (and not taking into account the number of ordinary shares as are issued pursuant to the conversion of the ICULS 1999/2004) does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next AGM of the Company." **Resolution 8**
9. **PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY**
"THAT, subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and all applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the retained earnings and/or share premium reserves of the Company for the purpose of and to purchase such amount of ordinary shares of RM1.00 each in the Company ("Proposed Share Buy Back") as may be determined by the Directors of the Company from time to time through the Kuala Lumpur Stock Exchange ("KLSE") upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution or held as treasury shares does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company."

AND THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to cancel the shares or retain such shares in treasury ("the treasury shares") or retain part of the shares as treasury shares and cancel the remainder and the Directors are further authorised to resell the treasury shares on the KLSE or distribute the treasury shares as dividends to the Company's shareholders or subsequently cancel the treasury shares.

AND THAT the Directors be and are hereby empowered immediately upon the passing of this Resolution and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the AGM at which such resolution was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever is the earliest and to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the aforesaid Proposed Share Buy Back with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities."

Resolution 9

10. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES

"THAT, the mandate granted by the shareholders of the Company at the Extraordinary General Meeting held on 30 May 2002 pursuant to paragraph 10.09 of the Listing Requirements of the KLSE, authorizing the Company and its subsidiaries ("HMB Group") to enter into any of the Recurrent Related Party Transactions, of a revenue or trading nature as set out in paragraph 2.2.2 of the Circular to Shareholders dated 29 April 2003 ("Circular") with the Related Party mentioned therein which are necessary for the HMB Group's day-to-day operations, be and is hereby renewed.

That the HMB Group is hereby authorized to enter into the recurrent transactions with the related parties mentioned therein provided that:-

- i) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders of the Company;
- ii) disclosure will be made in the annual report of the breakdown of the aggregate value of recurrent related party transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate during the financial year based on the type of recurrent related party transactions made, the names of the Related Party involved in each type of recurrent related party transactions and their relationship with the Company;
- iii) in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of a person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that such person connected with him abstains from voting on the resolution approving the transactions;

AND THAT such approval shall continue to be in force until:-

- i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Renewal of the Related Party Transactions Mandate is passed, at which time it will lapse, unless by a resolution passed at the said members' meeting that such authority is renewed;
- ii) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act);
- iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Renewal of the Recurrent Related Party Transactions Mandate".

Resolution 10

- 11. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

ABD HADI AB GHANI (LS 008354)
LIM SECK WAH (MAICSA 0799845)
Company Secretaries

Kuala Lumpur
29 April 2003

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of the shareholders, a First and Final Tax Exempt Dividend of 7% for the year ended 31 December 2002 will be paid on 16 July 2003 to Depositors registered in the Record of Depositors at the close of business at 5.00 p.m. on 30 June 2003.

A depositor shall qualify for entitlement only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2003, in respect of ordinary transfers; and
- (b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. The provisions of Section 149(1)(a) and 149(1)(b) of the Companies Act, 1965 (the Act) shall not apply to the Company.
2. The instrument appointing a proxy must be deposited at the registered office of the Company not less than forty eight (48) hours before the time appointed for the meeting.
3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. The provision of Section 149(1)(c) of the Act shall apply to the Company.
4. Where a member appoints more than one proxy (subject always to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. In the case of a corporate member, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.
6. Explanatory Notes on Special Business
 - (a) Ordinary Resolution No. 8 – Authority to allot shares pursuant to Section 132D of the Companies Act, 1965.

The effect of the resolution under item 8 of the agenda, if passed, will give the flexibility and authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to and not exceeding in total ten per cent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

- (b) Ordinary Resolution No. 9 – Proposed renewal of share buy back authority.

The explanatory notes on the resolution under item 9 of the agenda is set out in the Circular to Shareholders dated 29 April 2003.

- (c) Ordinary Resolution No.10 – Proposed renewal of shareholders' mandate for recurrent related party transaction of a revenue or trading nature with related parties.

The explanatory notes on the resolution under item 10 of the agenda is set out in the Circular to Shareholders dated 29 April 2003.

Statement Accompanying the Notice of Annual General Meeting

1. Name of individuals who are standing for re-election

- a Dato' Seri Haji Sulaiman Bin Mohd Amin (retiring pursuant to Section 129 of the Companies Act, 1965)
- b Tan Sri Dato' Halim Bin Mohammad (retiring pursuant to Article 89 of the Company's Articles of Association)
- c Puan Sri Datin Mazmin Binti Noordin (retiring pursuant to Article 89 of the Company's Articles of Association)

2. Details of attendance of Directors standing for re-election at Board Meeting

Four Board Meetings were held during the financial year from 1 January 2002 to 31 December 2002, as set out on page 5 of the Annual Report.

3. The Eight Annual General Meeting of the company will be held as follows:

Place: CITITEL-Mid Valley, Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur

Date : 29 May 2003

Time : 2.45 p.m.

4. Details of Directors standing for re-election

Dato' Seri Haji Sulaiman Bin Mohd Amin

● Age	73
● Nationality	Malaysian
● Position in the Company	Deputy Chairman (Independent / Non-Executive)
● Working experience / Qualification/Occupation	<p>He was appointed to the Board on 26 February 1999. He began his career in the civil service and held several appointments in the public sector since 1950 before being promoted into the Administrative and Diplomatic Service then known as Malayan Civil Service (MCS) and held various positions in the Malaysian Government Services.</p> <p>In late 1972, he was seconded to Keretapi Tanah Melayu where he served as its Deputy General Manager for two years. He was then appointed as Deputy Secretary General of the Ministry of Energy, Science & Technology, and subsequently in the same capacity in the Ministry of Public Works & Utilities and after that promoted as Secretary General to the Ministry of Culture, Youth and Sports twice, first from the 3rd quarter of 1969 to 1970 and as its Secretary General once again from 1977 to 1981. From 1981 to 1983, he was appointed as State Secretary of Selangor. Upon his retirement in early 1984, he was invited by Perbadanan Nasional Berhad ("PNB") to serve as its nominee on the Board of several companies owned by PNB.</p>
● Other directorship of public companies	<p>i. Central Industrial Corporation Berhad</p> <p>ii. Berjaya Capital Berhad</p>
● Securities holdings in the Company and its Subsidiaries	Nil
● Family relationship with any Directors and/or major shareholder of the company	Nil
● Any conflict of interest that they have with the company	Nil
● List of conviction for offences in the past 10 years other than traffic offences, if any	Nil

Tan Sri Dato' Halim Bin Mohammad

● Age	51
● Nationality	Malaysian
● Position in the Company	Executive Chairman & Managing Director
● Working experience / Qualification/Occupation	<p>He is the Founder Director of the Companies in the HMB Group. He completed his primary and secondary education in Kuala Terengganu. After completing GCE"O" level in 1968, he pursued a sea going career as a Cadet Navigating Officer with the Malaysian International Shipping Corporation ("MISC").</p> <p>He left sea service in 1975 to join Harrison & Crossfield and in 1978, he left Harrison to join Esso Production to serve on board a storage tanker offshore Terengganu where he was responsible for overseeing the safe transfer of crude oil to export tankers. He left Esso in 1982 to pursue his own business.</p> <p>In 1995, he was elected as Chairman of the Tanker Services Sub-Committee of Malaysia Shipowners' Association ("MASA") and was elected as vice chairman of MASA in 2001. To benefit from his broad knowledge and experience in shipping, Bureau Veritas, one of the largest internationally recognised Ship Classification Society, elected him as a member of the Sub-Committee for Asia-Australia. On 1 September 1994, the Honorable Minister of Transport appointed him as a Board Member of the Port of Kemaman.</p> <p>He was elected as a Fellow of Chartered Institute of Transport and presently he is also a member to the Board of Directors of Malaysia External Trade Development Corporation ("MATRADE").</p>
● Other directorship of public companies	Nil
● Securities holdings in the Company and its Subsidiaries	i. ICULS : 10,641,000 ii. Shares (Direct) : 29,275,000 iii. Shares (Indirect) : 7,702,500
● Family relationship with any Directors and/or major shareholder of the company	YBhg Tan Sri Halim is related to another HMB Director, Puan Sri Datin Mazmin Binti Noordin (his spouse) who serves as HMB's Executive Director.
● Any conflict of interest that they have with the company	Nil
● List of conviction for offences in the past 10 years other than traffic offences, if any	Nil

Puan Sri Datin Mazmin Binti Noordin

● Age	51
● Nationality	Malaysian
● Position in the Company	Executive Director
● Working experience / Qualification/Occupation	<p>She was appointed to the Board on 20 November 1995. She is also the Founder Director of the companies in the HMB Group. She completed her early education at the Sekolah Menengah Convent, Klang, Selangor.</p> <p>Upon completion of her secondary education in 1970, she left for New Zealand to pursue a course in Business Studies at Auckland Technical Institute.</p> <p>In 1973, she returned home to join Boustead Shipping Agencies Sdn Bhd ("Boustead") at their Port Klang Branch.</p> <p>She left Boustead in 1982 to team up with her husband, Tan Sri Dato' Halim Bin Mohammad, to set up their own business. Puan Sri Datin Mazmin is actively involved in management and is a director of most of the companies in HMB Group. She also sits on the Board of several other private limited companies.</p>
● Other directorship of public companies	Nil
● Securities holdings in the Company and its Subsidiaries	<p>i. ICULS (Indirect) : 10,641,000</p> <p>ii. Shares (Direct) : 7,702,500</p> <p>iii. Shares (Indiret) : 29,275,000</p>
● Family relationship with any Directors and/or major shareholder of the company	Puan Sri Datin Mazmin is related to two of the Directors of HMB, Tan Sri Halim (her spouse) who serves as HMB's Executive Chairman & Managing Director and Tuan Haji Mazlan (her brother) who serves as Non-Independent/Non-Executive Director.
● Any conflict of interest that they have with the company	Nil
● List of conviction for offences in the past 10 years other than traffic offences, if any	Nil

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Proxy Form

*I/We.....
of.....
being a member/members of HALIM MAZMIN BERHAD hereby appoint
.....of.....or failing
whom.....of.....
or failing him/her, the chairman of the meeting as my/our proxy to vote and act for me/us on my/our behalf, at the Eighth Annual General Meeting of the Company to be held at CITITEL-Mid Valley, Mid Valley City, Lingkaran Syed Putra,59200 Kuala Lumpur on Thursday, 29 May 2003 at 2.45 p.m. or at any adjournment thereof.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:
[The next paragraph must be completed if two proxies are appointed]

No. of shares held

First Proxy _____%

Second Proxy _____%

RESOLUTIONS	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		
RESOLUTION 8		
RESOLUTION 9		
RESOLUTION 10		

Please indicate with an "X" in the appropriate space how you wish your votes to be cast. Unless otherwise instructed, the proxy will vote as he thinks fit.

Dated this.....day of2003

.....
Signature/Common Seal of Shareholder

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. The provisions of Section 149 (1) (a) and 149 (1) (b) of the Companies Act, 1965 (the Act) shall not apply to the Company.
2. The instrument appointing a proxy must be deposited at the registered office of the Company not less that forty- eight (48) hours before the time appointed for the meeting.
3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. The provision of Section 149 (1) (c) of the Act shall apply to the Company.
4. Where a member appoints more than one proxy (subject always to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. In the case of a corporate member, the instrument appointing a proxy must be executed under its common seal or under the hand of its attorney.

Stamp

Halim Mazmin Berhad
49, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
