

Directors' report and financial statements

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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 2003.

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 6 to the financial statements. There have been no significant changes in these activities during the financial year.

RESULTS

	Group	Company
	RM	RM
Profit after taxation	30,214,963	45,455,175
Minority interests	(1,433,133)	-
Pre-acquisition profit	(832,433)	-
Profit attributable to shareholders	27,949,397	45,455,175
Retained profit brought forward	63,818,534	11,965,007
Profit available for appropriation	91,767,931	57,420,182
Dividend	(4,810,190)	(4,810,190)
Retained profit carried forward	86,957,741	52,609,992

DIVIDEND

During the financial year, the Company paid a First and Final Tax Exempt Dividend of 7 sen per share amounting to RM4,810,190 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 2003 of 7 sen per share amounting to RM4,894,890 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 1,237,000 new ordinary shares of RM1.00 each, arising from the conversion of the company's 8% Irredeemable Convertible Unsecured Loan Stocks.

SIGNIFICANT EVENT

Significant events during the financial year are disclosed in note 32 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 Ab Aziz Bin Ismail (resigned on 15.9.03)

In accordance with Article 89 of the Articles of Association, Dato' Edris @ Idris Bin Haji Wahed and Mr Patrick Lim Keng Lee 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 31.12.2003
	Balance at 1.1.2003	Addition	Sold	
Tan Sri Dato' Halim Bin Mohammad	29,275,000	-	-	29,275,000
Puan Sri Datin Mazmin Binti Noordin	7,702,500	-	-	7,702,500

	Number of ICULS of RM1.00 each			Balance at 31.12.2003
	Balance at 1.1.2003	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 Datin 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 2003 to 18 March 2004.

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 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 allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had 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 allowance 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.

Signed in accordance with a resolution of the directors

TAN SRI DATO' HALIM BIN MOHAMMAD

Director

PUAN SRI DATIN MAZMIN BINTI NOORDIN

Director

Kuala Lumpur
18 March 2004

Statement by directors and statutory declaration

STATEMENT BY DIRECTORS

(Pursuant to Section 169[15] of the Companies Act, 1965)

We, TAN SRI DATO' HALIM BIN MOHAMMAD and PUAN SRI DATIN MAZMIN BINTI NOORDIN, being two of the directors of HALIM MAZMIN BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 43 to 77 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the states of affairs of the Group and of the Company as at 31 December 2003 and of the results of their operations, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the directors

Director

TAN SRI DATO' HALIM BIN MOHAMMAD

Director

PUAN SRI DATIN MAZMIN BINTI NOORDIN

18 March 2004

Kuala Lumpur

STATUTORY DECLARATION

(Pursuant to Section 169[16] of the Companies Act, 1965)

I, CHUNG KIN MUN, being the officer primarily responsible for the financial management of HALIM MAZMIN BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 43 to 77 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by)
the abovenamed, at Kuala Lumpur)
in Wilayah Persekutuan on)
18 March 2004)
)

CHUNG KIN MUN

Before me,

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 policies 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 2003 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;

and

- (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(J)/PH)
Partner of Firm

Kuala Lumpur
18 March 2004

Balance sheets

As at 31 December 2003

	Note	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
NON-CURRENT ASSETS					
Property, plant and equipment	4	448,868,357	474,609,955	631,967	766,259
Investment property	5	5,382,675	5,214,225	-	-
Subsidiary companies	6	-	-	41,402,955	41,402,949
Associated company	7	8,398,058	8,446,624	8,878,000	8,878,000
Investments	8	4,050,000	4,050,000	4,050,000	4,050,000
		<u>466,699,090</u>	<u>492,320,804</u>	<u>54,962,922</u>	<u>55,097,208</u>
CURRENT ASSETS					
Inventories		311,385	214,247	-	-
Trade receivables	9	6,968,660	14,012,520	-	-
Other receivables, deposits and prepayments	10	1,128,962	666,499	216,824	90,569
Amount due from subsidiary companies	11	-	-	158,229,749	130,304,488
Deposits with licensed banks	12	70,207,416	71,259,913	10,700,000	15,500,000
Cash and bank balances		4,021,370	3,161,870	559,963	1,069,628
		<u>82,637,793</u>	<u>89,315,049</u>	<u>169,706,536</u>	<u>146,964,685</u>
CURRENT LIABILITIES					
Trade payables	13	4,470,181	2,515,870	-	-
Other payables and accruals	14	10,457,050	14,785,938	1,046,379	2,607,796
Amount due to subsidiary companies	11	-	-	32,825,268	-
Hire purchase and lease payables	15	10,241,857	314,311	126,035	115,819
Term loans	16	44,046,222	54,121,139	-	6,860,678
		<u>69,215,310</u>	<u>71,737,258</u>	<u>33,997,682</u>	<u>9,584,293</u>
NET CURRENT ASSETS					
		<u>13,422,483</u>	<u>17,577,791</u>	<u>135,708,854</u>	<u>137,380,392</u>
		<u>480,121,573</u>	<u>509,898,595</u>	<u>190,671,776</u>	<u>192,477,600</u>
REPRESENTED BY:					
SHARE CAPITAL	17	69,927,000	68,690,000	69,927,000	68,690,000
RESERVES	18	113,535,499	82,835,372	69,454,822	28,512,397
SHAREHOLDERS' FUNDS					
IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS	19	11,279,000	12,516,000	11,279,000	12,516,000
MINORITY INTERESTS		8,516,896	13,818,166	-	-
		<u>203,258,395</u>	<u>177,859,538</u>	<u>150,660,822</u>	<u>109,718,397</u>
NON-CURRENT LIABILITIES					
Long term liabilities	20	276,863,178	332,039,057	40,010,954	82,759,203
		<u>480,121,573</u>	<u>509,898,595</u>	<u>190,671,776</u>	<u>192,477,600</u>

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

	Note	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Revenue	21	131,201,239	132,763,463	51,600,000	25,200,000
Other operating income	22	1,432,591	762,142	1,171,725	428,675
		132,633,830	133,525,605	52,771,725	25,628,675
Administrative expenses		(9,506,613)	(7,864,945)	(1,546,232)	(1,142,087)
Other operating expenses		(79,278,454)	(74,622,474)	-	-
Profit from operations		43,848,763	51,038,186	51,225,493	24,486,588
Finance costs		(13,557,323)	(16,755,739)	(5,770,318)	(6,649,598)
(Loss)/profit from associated company		(42,030)	13,881	-	-
Profit before taxation	23	30,249,410	34,296,328	45,455,175	17,836,990
Taxation	24	(34,447)	26,429	-	-
Profit after taxation		30,214,963	34,322,757	45,455,175	17,836,990
Minority interest		(1,433,133)	(6,620,146)	-	-
Pre-acquisition profit		(832,433)	-	-	-
Net profit for the year		27,949,397	27,702,611	45,455,175	17,836,990
Earnings per share:	25				
- Basic		40 sen	40 sen	-	-
- Fully diluted		36 sen	36 sen	-	-
Dividend per share	26	-	7 sen	-	7 sen

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

Consolidated statement of changes in equity

For the year ended 31 December 2003

	Note	Share Capital RM	Share Premium RM	Reserve on consolidation RM	Merger Adjustment RM	Retained profit RM	Total RM
At 1 January 2002		68,680,000	16,606,268	10,453,237	(7,983,789)	39,550,423	127,306,139
Net 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
Net profit for the year		-	-	-	-	27,949,397	27,949,397
Dividend	26	-	-	-	-	(4,810,190)	(4,810,190)
Issue of shares		1,237,000	-	-	-	-	1,237,000
Premium arising from conversion of ICULS		-	333,990	-	-	-	333,990
ICULS expenses		-	(19,163)	-	-	-	(19,163)
Listing expenses		-	(17,387)	-	-	-	(17,387)
Reserve on consolidation		-	-	7,263,480	-	-	7,263,480
At 31 December 2003		69,927,000	16,844,830	17,716,717	(7,983,789)	86,957,741	183,462,499

The annexed notes form an integral part of these financial statements

Statement of changes in equity

For the year ended 31 December 2003

	Note	Share Capital RM	Share Premium RM	Retained profit RM	Total RM
At 1 January 2002		68,680,000	16,606,268	(2,437,483)	82,848,785
Net 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)
		<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002		68,690,000	16,547,390	11,965,007	97,202,397
Net profit for the year		-	-	45,455,175	45,455,175
Dividend	26	-	-	(4,810,190)	(4,810,190)
Issue of shares		1,237,000	-	-	1,237,000
Premium arising from conversion of ICULS		-	333,990	-	333,990
ICULS expenses		-	(19,163)	-	(19,163)
Listing expenses		-	(17,387)	-	(17,387)
		<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003		69,927,000	16,844,830	52,609,992	139,381,822

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

Cash flow statements

For the year ended 31 December 2003

	Note	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		30,249,410	34,296,328	45,455,175	17,836,990
Adjustments for:					
Depreciation of property, plant and equipment		26,045,773	26,075,647	308,143	334,180
Property, plant and equipment written off		36	-	-	-
Share of loss/(profit) in associated company		42,030	(13,881)	-	-
Interest expense		13,557,323	16,755,739	5,770,318	6,649,598
Interest income		(1,432,591)	(742,234)	(1,171,725)	(428,675)
Operating profit before working capital changes		68,461,981	76,371,599	50,361,911	24,392,093
Increase in inventories		(97,138)	(13,410)	-	-
Increase in receivables		(6,926,289)	(5,077,014)	(28,061,278)	(29,229,693)
(Decrease)/increase in payables		(2,374,577)	(602,761)	31,263,851	21,550
Cash generated from/(absorbed by) operations		59,063,977	70,678,414	53,564,484	(4,816,050)
Tax (paid)/refund		2,021	(79,945)	9,762	-
Interest paid		(13,557,323)	(16,755,739)	(5,770,318)	(6,649,598)
Interest received		1,432,591	742,234	1,171,725	428,675
Net cash generated from/(used in) operating activities		46,941,266	54,584,964	48,975,653	(11,036,973)
CASH FLOWS FROM INVESTING ACTIVITIES					
Land and development expenditure		(168,450)	-	-	-
Acquisition of property, plant and equipment	B	(216,211)	(200,662)	(173,851)	(200,662)
Acquisition of investment		-	(4,000,000)	-	(4,000,000)
Acquisition of subsidiary companies	C	-	-	(4)	-
Acquisition of additional shares in investments in subsidiary companies	D	(2)	-	(2)	-
ICULS expenses		(19,163)	(5,000)	(19,163)	(5,000)
Listing expenses		(17,387)	(56,578)	(17,387)	(56,578)
Net cash used in investing activities		(421,213)	(4,262,240)	(210,407)	(4,262,240)

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

Cash flow statements

For the year ended 31 December 2003

Note	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from ICULS conversion	333,990	2,700	333,990	2,700
Proceeds from long term borrowings	93,425,112	40,000,000	-	40,000,000
Proceeds from leasing	58,000,000	-	-	-
Deposit pledged to licensed bank	(34,687)	-	-	-
Payment for hire purchase and leasing	(322,634)	(229,543)	(115,819)	(97,192)
Payment for long term borrowings	(193,339,328)	(55,299,099)	(49,482,892)	(6,134,342)
Dividend paid	(4,810,190)	(3,434,500)	(4,810,190)	(3,434,500)
Net cash (used in)/generated from financing activities	(46,747,737)	(18,960,442)	(54,074,911)	30,336,666
Net (decrease)/increase in cash and cash equivalents	(227,684)	31,362,282	(5,309,665)	15,037,453
Cash and cash equivalents at beginning of year	74,218,234	42,855,952	16,569,628	1,532,175
Cash and cash equivalents at end of year	A 73,990,550	74,218,234	11,259,963	16,569,628

NOTE**A CASH AND CASH EQUIVALENTS**

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

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Deposits with licensed banks	70,207,416	71,259,913	10,700,000	15,500,000
Deposits with licensed banks pledged (Note 12)	(238,236)	(203,549)	-	-
Cash and bank balances	4,021,370	3,161,870	559,963	1,069,628
	73,990,550	74,218,234	11,259,963	16,569,628

B. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

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

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Cash	216,211	200,662	173,851	200,662
Hire purchase	88,000	350,000	-	350,000
	304,211	550,662	173,851	550,662

C. ACQUISITION OF SUBSIDIARY COMPANIES

i) Effects on financial results

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

	2003
	RM
Revenue	17,176,380
Other operating income	63,518
	17,239,898
Administrative and other operating expenses	(10,419,266)
Profit from operations	6,820,632
Finance costs	(1,047,421)
	5,773,211

ii) Effects on financial position

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

	2003
	RM
Property, plant and equipment	138,729,547
Other receivables, deposits and prepayments	87,305
Deposits with licensed banks	18,540,000
Cash and bank balances	530,446
Trade payables	(692,819)
Other payables and accruals	(64,439,264)
Long term borrowings	(86,982,000)
	5,773,215

iii) Effects on cash flow statement

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

	2003
	RM
Cash in hand	4
Less: Cash consideration	(4)
	-
Cash inflow on acquisition, net cash in hand acquired	-

D. 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 financial year is shown below:

	2003
	RM
Revenue	17,123,584
Other operating income	565,973
	<u>17,689,557</u>
Administrative and other operating expenses	(10,077,547)
Profit from operations	7,612,010
Finance costs	(1,069,212)
Profit attributable to shareholders	6,542,798
Loss attributable to previous shareholdings by the Group	(3,925,679)
Pre-acquisition profit	(832,433)
	<u>1,784,686</u>

ii) Effects on financial position

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

	2003
	RM
Property, plant and equipment	934
Trade receivables	3,466,954
Other receivables, deposits and prepayments	1,911,892
Cash and bank balances	74,767
Trade payables	(232,211)
Other payables and accruals	(46,884)
Net assets	5,175,452
Attributable to shares previously held and treated as subsidiaries	(11,350,253)
	<u>(6,174,801)</u>
Decrease in Group net assets	<u>(6,174,801)</u>

D. 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 financial year is as follows:

	2003 RM
Property, plant and equipment	144,426,206
Trade receivables	16,800,940
Other receivables, deposits and prepayments	19,759
Deposits with licensed banks	3,610,000
Cash and bank balances	391,617
Trade payables	(1,347,221)
Other payables and accruals	(15,401,546)
Shareholder's loans	(32,936,000)
Long term borrowings	(96,646,666)
Fair value of net assets at date of acquisition	18,917,089
Attributable to shares previously held and treated as subsidiaries	(11,350,253)
	7,566,836
Waiver of loan	(303,354)
Reserve on consolidation	(7,263,480)
Net cash used for acquisition of additional shares in investment in subsidiary companies	2

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 6 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 Malaysia Securities Exchange Berhad (formerly known as 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 policies seek 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 policies 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 (SGD). 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 POLICIES

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. The results of the subsidiary companies acquired during the year are included in the consolidated income statement from the date of their acquisitions.

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 allowance 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 POLICIES (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 allowance 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. Allowance 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 and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

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 POLICIES (CONT'D)

i. Investment Property

Investment property includes leasehold land which is held for long term investment purposes. This is carried at fair value. Any gain or loss arising from a change in fair value of an investment property is included in the income statement.

j. Revenue

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

Interest income is recognised on received and receivable basis.

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.

k. 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:

	2003	2002
	RM	RM
Singapore Dollar	2.23	2.09
United States Dollar	3.80	3.80

l. Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

3. ACCOUNTING POLICIES (CONT'D)

I. Income Tax (Cont'd)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB 25 Income Taxes, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

m. 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 allowance is made for the decline in value.

n. Assets held under hire purchase and finance lease

Assets acquired under hire purchase and finance lease agreements are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the hire purchase and finance leases, less accumulated depreciation and impairment losses. These assets are depreciated in accordance with the depreciation policy as set out above.

Outstanding obligation due under the hire purchase and finance lease agreements after deducting finance expenses are included as liabilities in the financial statements. The finance expenses of the hire purchase and finance lease 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.

o. Provisions for Liabilities

Provisions for liabilities are recognised when the Group 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. The Group recognises its drydocking expenses based on MASB 20 "Provision, Contingent Liabilities and Contingent Assets".

p. 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.

3. ACCOUNTING PRINCIPLES (CONT'D)

q. 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.

r. Financial Instruments

Financial instruments carried on the balance sheet include deposits with licensed banks, cash and bank balances, investments, receivables, payables 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 1.1.2003 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.2003 RM
Group 2003				
COST				
Vessels	590,612,820	-	-	590,612,820
Office and other equipment	1,977,672	188,211	(312,945)	1,852,938
Motor vehicles	2,114,094	116,000	-	2,230,094
Renovation	376,574	-	-	376,574
	<u>595,081,160</u>	<u>304,211</u>	<u>(312,945)</u>	<u>595,072,426</u>
	As at 1.1.2003 RM	Charge for the year RM	Disposal/ Retirement RM	As at 31.12.2003 RM
ACCUMULATED DEPRECIATION				
Vessels	117,534,438	25,424,575	-	142,959,013
Office and other equipment	1,553,820	228,538	(312,909)	1,469,449
Motor vehicles	1,006,391	392,660	-	1,399,051
Renovation	376,556	-	-	376,556
	<u>120,471,205</u>	<u>26,045,773</u>	<u>(312,909)</u>	<u>146,204,069</u>
				As at 31.12.2003 RM
NET BOOK VALUE				
Vessels				447,653,807
Office and other equipment				383,489
Motor vehicles				831,043
Renovation				18
				<u>448,868,357</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
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
	594,530,498	550,662	-	595,081,160

	As at 1.1.2002 RM	Charge 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
	94,395,558	26,075,647	-	120,471,205

	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
	474,609,955

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

	As at 1.1.2003 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.2003 RM
Company 2003				
COST				
Motor vehicle	481,050	-	-	481,050
Office equipment	1,343,058	173,851	-	1,516,909
	<u>1,824,108</u>	<u>173,851</u>	<u>-</u>	<u>1,997,959</u>
	As at 1.1.2003 RM	Charge for the year RM	Disposal/ Retirement RM	As at 31.12.2003 RM
ACCUMULATED DEPRECIATION				
Motor vehicle	96,210	96,210	-	192,420
Office equipment	961,639	211,933	-	1,173,572
	<u>1,057,849</u>	<u>308,143</u>	<u>-</u>	<u>1,365,992</u>
				As at 31.12.2003 RM
NET BOOK VALUE				
Motor vehicle				288,630
Office equipment				343,337
				<u>631,967</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>

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 RM1,752,401 (2002: RM1,685,798) and RM481,050 (2002: RM481,050) respectively.

5. INVESTMENT PROPERTY

	2003	Group
	RM	2002
		RM
Leasehold land - At fair value	5,382,675	5,214,225

Included in land cost is interest capitalised amounting to RM1,120,222 (2002: RM1,120,222).

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

6. SUBSIDIARY COMPANIES

	2003	Company
	RM	2002
		RM
Unquoted shares, at cost:		
- As at 1 January	41,402,949	41,402,949
- Addition during the year	6	-
- As at 31 December	41,402,955	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	Equity interest	2003	2002
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	Ceased operation		100%	60%
Sterling Shipping Sdn.Bhd.	Malaysia	Ceased operation		100%	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 services		100%	100%
Sendirian Berhad					
Emerald Equity Sdn.Bhd.	Malaysia	Dormant		100%	100%
Meridian Tankers Sdn.Bhd.	Malaysia	Dormant		100%	100%
Prima Delima Sdn. Bhd.	Malaysia	Dormant		100%	100%
Colville Shipping Sdn.Bhd.	Malaysia	Shipowning		100%	-
Colorado Shipping Sdn.Bhd.	Malaysia	Shipowning		100%	-

7. ASSOCIATED COMPANY

	2003	Group	2003	Company
	RM	2002	RM	2002
		RM		RM
Unquoted shares, at cost	8,878,000	8,878,000	8,878,000	8,878,000
Share of accumulated loss of associated company	(479,942)	(431,376)	-	-
	<u>8,398,058</u>	<u>8,446,624</u>	<u>8,878,000</u>	<u>8,878,000</u>
Represents by:				
Group's share of net tangible assets	<u>8,398,058</u>	<u>8,446,624</u>		

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

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

	Country of	Principal	Equity interest	
	incorporation	activities	2003	2002
Kemaman Heavy Industries Sdn. Bhd.	Malaysia	Dormant	48.15%	48.15%

8. INVESTMENTS

	Group and Company	
	2003	2002
	RM	RM
Unquoted shares, at cost	50,000	50,000
Unquoted bonds, at cost	4,000,000	4,000,000
	<u>4,050,000</u>	<u>4,050,000</u>

9. TRADE RECEIVABLES

Group

Included in trade receivables is an amount of RM2,254,057 (2002: RM2,041,191) due from Prima Shipping Sdn. Bhd., a company in which certain directors, Tan Sri Dato' Halim Bin Mohammad and Puan Sri Datin Mazmin Binti Noordin have interests.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2003	Group	2003	Company
	RM	2002	RM	2002
		RM		RM
Other receivables	504,155	325,990	32,865	28,310
Deposits	273,651	153,403	183,959	62,259
Prepayments	351,156	187,106	-	-
	<u>1,128,962</u>	<u>666,499</u>	<u>216,824</u>	<u>90,569</u>

11. 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 RM23,121,000 (2002: RM38,029,000) due from subsidiary companies which bear interests ranging from 1.02% to 4.25% (2002: 1.25% to 6.40%) per annum.

12. DEPOSITS WITH LICENSED BANKS

	2003	Group	2003	Company
	RM	2002	RM	2002
		RM		RM
Deposits with licensed banks	70,207,416	71,259,913	10,700,000	15,500,000

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 RM238,236 (2002: RM203,549) which has been pledged to a bank as security for banking facility extended to a subsidiary company.

13. TRADE PAYABLES

	2003	Group
	RM	2002
		RM
Included in trade payables are:		
Amount due to City Connections Travel Sdn. Bhd., a company in which certain directors, Tan Sri Dato' Halim Bin Mohammad and Puan Sri Datin Mazmin Binti Noordin have interests	7,347	11,637
Amount due to OHM Maritime Sdn. Bhd., a company in which certain directors, Tan Sri Dato' Halim Bin Mohammad and Puan Sri Datin Mazmin Binti Noordin have interests	14,577	73,466
Amount due to OHM Maritime Services Pte. Ltd., a company in which Mr Suresh Emmanuel Abishegam, a key management personnel has interests	990	94,220

14. OTHER PAYABLES AND ACCRUALS

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Other payables	4,819,078	7,677,931	98,163	1,586,205
Accruals	5,637,972	7,108,007	948,216	1,021,591
	<u>10,457,050</u>	<u>14,785,938</u>	<u>1,046,379</u>	<u>2,607,796</u>

	2003 RM	Group 2002 RM
Included in other payables are:		
Amount due to City Connections Travel Sdn. Bhd., a company in which certain directors, Tan Sri Dato' Halim Bin Mohammad and Puan Sri Datin Mazmin Binti Noordin have interests	-	4,379
Amount due to Prima Shipping Sdn. Bhd., a company in which certain directors, Tan Sri Dato' Halim Bin Mohammad and Puan Sri Datin Mazmin Binti Noordin have interests	6,646	74,052

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

15. HIRE PURCHASE AND LEASE PAYABLES

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Hire purchase payables:				
Minimum payment				
- not later than one year	377,024	373,577	132,420	132,420
- later than one year and not later than five years	226,357	504,668	11,025	143,445
	<u>603,381</u>	<u>878,245</u>	<u>143,445</u>	<u>275,865</u>
Future finance charges on hire purchase	(54,324)	(94,554)	(6,456)	(23,057)
Present value of hire purchase payables	<u>549,057</u>	<u>783,691</u>	<u>136,989</u>	<u>252,808</u>
Current	341,857	314,311	126,035	115,819
Non-current (Note 20)	207,200	469,380	10,954	136,989
	<u>549,057</u>	<u>783,691</u>	<u>136,989</u>	<u>252,808</u>
Present value of hire purchase payables				
- not later than one year	341,857	314,311	126,035	115,819
- later than one year and not later than five years	207,200	469,380	10,954	136,989
	<u>549,057</u>	<u>783,691</u>	<u>136,989</u>	<u>252,808</u>

15. HIRE PURCHASE AND LEASE PAYABLES (CONT'D)

	2003	Group	2003	Company
	RM	2002	RM	2002
		RM		RM
Lease payables (Ijarah Muntahiyah Bit-Tamlik):				
Minimum payment				
- not later than one year	12,646,080	-	-	-
- later than one year and not later than five years	52,456,092	-	-	-
	65,102,172	-	-	-
Future finance charges on leasing	(7,102,172)	-	-	-
Present value of lease payables	58,000,000	-	-	-
Current	9,900,000	-	-	-
Non-current (Note 20)	48,100,000	-	-	-
	58,000,000	-	-	-
Present value of lease payables				
- not later than one year	9,900,000	-	-	-
- later than one year and not later than five years	48,100,000	-	-	-
	58,000,000	-	-	-
Total				
- Current	10,241,857	314,311	126,035	115,819
- Non-current	48,307,200	469,380	10,954	136,989

16. TERM LOANS

	2003	Group	2003	Company
	RM	2002	RM	2002
		RM		RM
Term loans	264,086,000	364,000,216	40,000,000	89,482,892
Payable within one year	(44,046,222)	(54,121,139)	-	(6,860,678)
Payable after one year (Note 20)	220,039,778	309,879,077	40,000,000	82,622,214
The breakdown of amount payable after one year is as follows:				
Between two to five years	181,832,890	241,333,965	40,000,000	72,922,214
After five years	38,206,888	68,545,112	-	9,700,000
	220,039,778	309,879,077	40,000,000	82,622,214

16. TERM LOANS (CONT'D)

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. During the financial year, some term loans are fully settled.

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 5) and corporate guarantee (Note 31) of the Company and are repayable within a period of 4.5 to 10 years from the date of loan drawdown. During the financial year, some term loans are fully settled.

17. SHARE CAPITAL

	Group and Company	
	2003	2002
	RM	RM
Ordinary shares of RM1.00 each		
Authorised:	100,000,000	100,000,000
Issued and fully paid:		
At 1 January	68,690,000	68,680,000
Issued during the financial year	1,237,000	10,000
At 31 December	69,927,000	68,690,000

During the financial year, the Company has issued 1,237,000 new ordinary shares of RM1.00 each, arising from the conversion of the Company's 8% Irredeemable Convertible Unsecured Loan Stocks.

18. RESERVES

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Non-distributable				
Share premium				
At 1 January	16,547,390	16,606,268	16,547,390	16,606,268
Premium arising from conversion of ICULS	333,990	2,700	333,990	2,700
ICULS expenses	(19,163)	(5,000)	(19,163)	(5,000)
Listing expenses	(17,387)	(56,578)	(17,387)	(56,578)
At 31 December	16,844,830	16,547,390	16,844,830	16,547,390

18. RESERVES (CONT'D)

	2003 RM	Group 2002 RM	2003 RM	Company 2002 RM
Reserve on consolidation				
Reserve on consolidation	17,934,873	10,671,393	-	-
Goodwill on consolidation	(218,156)	(218,156)	-	-
	17,716,717	10,453,237	-	-
Total non-distributable reserves	34,561,547	27,000,627	16,844,830	16,547,390
Distributable Retained profit				
At 1 January	63,818,534	39,550,423	11,965,007	(2,437,483)
Net profit for the year	27,949,397	27,702,611	45,455,175	17,836,990
Dividend paid	(4,810,190)	(3,434,500)	(4,810,190)	(3,434,500)
At 31 December	86,957,741	63,818,534	52,609,992	11,965,007
Merger adjustment	(7,983,789)	(7,983,789)	-	-
Total distributable reserves	78,973,952	55,834,745	52,609,992	11,965,007
Total Reserves	113,535,499	82,835,372	69,454,822	28,512,397

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 2003 RM	2002 RM
At 1 January	12,516,000	12,526,000
Amount converted to ordinary shares during the financial year	(1,237,000)	(10,000)
At 31 December	11,279,000	12,516,000

**19. 8% IRREDEEMABLE CONVERTIBLE UNSECURED
LOAN STOCKS 1999/2004 (ICULS) (CONT'D)**

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. LONG TERM LIABILITIES

	2003	Group	2003	Company
	RM	2002	RM	2002
		RM		RM
Hire purchase payables (Note 15)	207,200	469,380	10,954	136,989
Ijarah Muntahiyah Bit- Tamlik (Note 15)	48,100,000	-	-	-
Term loans (Note 16)	220,039,778	309,879,077	40,000,000	82,622,214
Loans from corporate shareholders of subsidiary companies	8,516,200	21,690,600	-	-
	276,863,178	332,039,057	40,010,954	82,759,203

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.

21. REVENUE

	2003	Group	2003	Company
	RM	2002	RM	2002
		RM		RM
Freight charges	131,201,239	132,763,463	-	-
Dividend	-	-	51,600,000	25,200,000
	<u>131,201,239</u>	<u>132,763,463</u>	<u>51,600,000</u>	<u>25,200,000</u>

22. OTHER OPERATING INCOME

	2003	Group	2003	Company
	RM	2002	RM	2002
		RM		RM
Gain on foreign exchange	-	19,908	-	-
Interest income	1,432,591	742,234	1,171,725	428,675
	<u>1,432,591</u>	<u>762,142</u>	<u>1,171,725</u>	<u>428,675</u>

23. PROFIT BEFORE TAXATION

The following items have been charged in arriving at profit before taxation:

	2003	Group	2003	Company
	RM	2002	RM	2002
		RM		RM
Auditors' remuneration				
- Current year's provision	51,600	51,200	4,000	4,000
- Under/(over)provision in prior year	400	(1,260)	-	-
Crew cost	16,275,458	16,665,873	-	-
Depreciation of property, plant and equipment	26,045,773	26,075,647	308,143	334,180
Directors' remuneration				
- Fee	120,000	-	120,000	-
- Other emoluments				
- Directors of the corporation	1,028,704	961,095	-	-
- Other directors of subsidiary companies	421,898	365,722	-	-

23. PROFIT BEFORE TAXATION (CONT'D)

	2003	Group	2003	Company
	RM	2002	RM	2002
		RM		RM
Finance costs				
- Bank overdraft interest	13,486	-	13,486	-
- Borrowing cost	-	1,000,000	-	1,000,000
- Hire purchase interest	65,063	133,034	16,601	24,193
- ICULS 8% interest	949,640	1,001,280	949,640	1,001,280
- Lease interest	851,042	-	-	-
- Other loan interest	-	256,306	-	47,640
- Term loan interest	11,678,092	14,365,119	4,790,591	4,576,485
Loss on foreign exchange	35,062	-	-	22
Preliminary expenses	2,440	-	-	-
Property, plant and equipment written off	36	-	-	-
Rental of premises	1,260,000	1,259,760	-	-
Staff costs	2,534,350	2,113,453	372,832	265,525

The total number of employees of the Group and of the Company (including directors) at the financial year end were 63 (2002: 60) and 15 (2002: 14) respectively.

24. TAXATION

	2003	Group	2003	Company
	RM	2002	RM	2002
		RM		RM
Current year's tax charge	32,700	25,000	-	-
Overprovision in prior year	(4,789)	(50,867)	-	-
	27,911	(25,867)	-	-
Share of tax of an associated company	6,536	(562)	-	-
	34,447	(26,429)	-	-
	2003	Group	2003	Company
	%	2002	%	2002
		%		%
Applicable tax rate	28	28	28	28
Tax effect of:				
- Expenses not deductible for tax purposes	6	6	3	10
- Income not subject to tax	(106)	(77)	(32)	(39)
Effect on deferred taxation	72	43	1	1
Average effective tax rate	-	-	-	-

24. TAXATION (CONT'D)

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.

Subject to agreement with the Inland Revenue Board, the Company has the followings:

	2003	2002
	RM	RM
Unabsorbed tax losses	1,817,000	950,000
Unabsorbed capital allowances	1,219,000	1,083,000
Section 108	42,000	42,000
Tax exempt account	128,763,000	81,973,000

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt account to frank payment of dividends out of its entire retained profit.

25. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group's profit after taxation and minority interest of RM27,949,397 (2002: RM27,702,611) by the weighted average number of shares issued during the financial year of 69,252,430 (2002: 68,689,836).

The fully diluted earnings per share has been calculated based on the adjusted profit after taxation and minority interest of RM29,095,343 (2002: RM28,987,754) and on the adjusted weighted average number of shares issued and issueable for the financial year of 80,531,430 (2002: 81,205,836).

The assumptions are:

- (i) The 11,279,000 ICULS as at 31 December 2003 have been converted to ordinary shares on 1 January 2003 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 2003 are as follows:

	Year ended 31.12.2003		Year ended 31.12.2002	
	Gross dividend per share Sen	Dividend net of tax RM	Gross dividend per share Sen	Dividend net of tax RM
First and final tax exempt dividend paid	7	4,810,190	5	3,434,500
Proposed final dividend	7	4,894,890	7	4,808,300

26. DIVIDENDS (CONT'D)

At the forthcoming Annual General Meeting, a final gross dividend in respect of the financial year ended 31 December 2003 of 7 sen per share (2002: 7 sen per share) amounting to RM4,894,890 (2002: RM4,808,300) 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 2004 when approved by shareholders.

27. DEFERRED TAXATION

As mentioned in note 3(l), the tax effects of timing differences which give rise to net deferred tax assets are recognised when there is a reasonable expectation of realisation in the near future. As at 31 December 2003, the amount of net deferred tax assets of the Company calculated at current tax rate which is not recognised in the financial statements, is as follows:

	2003 RM	Company 2002 RM
Timing difference between book depreciation and capital allowance on property, plant and equipment	(46,000)	(70,000)
Unabsorbed capital allowances	341,000	303,000
Unabsorbed tax losses	509,000	266,000
	804,000	499,000

28. SIGNIFICANT INTER-COMPANY TRANSACTIONS

	2003 RM	Company 2002 RM
Dividend income received from subsidiary companies	51,600,000	25,200,000
Interest income received from subsidiary companies	721,283	324,920
Loan interest to associated company	-	47,640

29. RELATED PARTY TRANSACTIONS

	2003 RM	Group 2002 RM
Nature of transactions:		
Rental of premises paid to Mentari Muara Sdn. Bhd., a company in which certain directors, Tan Sri Dato' Halim Bin Mohammad and Puan Sri Datin Mazmin Binti Noordin have interests	1,260,000	1,260,000
Freight charges from Prima Shipping Sdn. Bhd., a company in which certain directors, Tan Sri Dato' Halim Bin Mohammad and Puan Sri Mazmin Binti Noordin have interests	13,969,276	12,222,783
Air fare paid to City Connections Travel Sdn. Bhd., a company in which certain directors, Tan Sri Dato' Halim Bin Mohammad and Puan Sri Datin Mazmin Binti Noordin have interests	769,196	814,323
Agency and crew attendance fees paid to OHM Maritime Sdn. Bhd., a company in which certain directors, Tan Sri Dato' Halim Bin Mohammad and Puan Sri Datin Mazmin Binti Noordin have interests	163,515	109,325
Agency and crew attendance fees paid to OHM Maritime Services Pte. Ltd., a company in which Mr Suresh Emmanuel Abishegam, a key management personnel has interests	33,909	71,219

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

	2003 RM	Group 2002 RM
Amount outstanding at 31 December :		
Due from Prima Shipping Sdn. Bhd.	1,689,907	2,041,191
Due to City Connections Travel Sdn. Bhd.	7,347	15,436
Due to OHM Maritime Sdn. Bhd.	6,020	23,440
Due to OHM Maritime Services Pte. Ltd.	-	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:

	Exposure as at	
	Limit	31.12.2003
	RM	RM
Jubilee Shipping Sdn. Bhd.	77,000,000	41,040,000
Patriot Shipping Sdn. Bhd.	77,000,000	41,040,000
Polaris Shipping Sdn. Bhd.	37,209,600	28,062,240
Colorado Shipping Sdn. Bhd.	46,712,556	43,491,000
Colville Shipping Sdn. Bhd.	46,712,556	43,491,000

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- a) On 12 March 2003, the Company acquired an additional 40,000 ordinary shares of RM1.00 each in Sterling Shipping Sdn. Bhd. for a total consideration of RM1. As the results of the above acquisition, Sterling Shipping Sdn. Bhd. became a wholly owned subsidiary of the Company.
- b) On 12 March 2003, the Company acquired an additional 40,000 ordinary shares of RM1.00 each in Splendid Shipping Sdn. Bhd. for a total consideration of RM1. As the results of the above acquisition, Splendid Shipping Sdn. Bhd. became a wholly owned subsidiary of the Company.
- c) On 13 June 2003, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interest in Colorado Shipping Sdn. Bhd. for a total consideration of RM2.
- d) On 13 June 2003, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interest in Colville Shipping Sdn. Bhd. for a total consideration of RM2.

33. 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.

34. 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 interest rates on classes of financial assets and financial liabilities as at financial year end, are as follows :

	2003		2002	
	RM	Interest rate %	RM	Interest rate %
Group				
Financial Assets				
- Deposits with licensed banks	70,207,416	0.50 - 3.20	71,259,913	0.98 - 3.20
- Other investments	4,050,000	0.00 - 6.50	4,050,000	-
Financial Liabilities				
- Term loan				
- Fixed interest rate	40,000,000	5.00	40,000,000	5.00
- Fixed interest rate	-	-	3,528,839	7.75
- Fixed interest rate	-	-	525,000	7.85
- Floating interest rate	224,086,000	2.08 - 3.40	319,946,377	2.45 - 8.40
Company				
Financial Assets				
- Deposits with licensed banks	10,700,000	2.60 - 3.20	15,500,000	2.20 - 3.20
- Other investments	4,050,000	0.00 - 6.50	4,050,000	-
Financial Liabilities				
- Term loan				
- Fixed interest rate	40,000,000	5.00	40,000,000	5.00
- Floating interest rate	-	-	49,482,892	8.03 - 8.40

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.

34. FINANCIAL INSTRUMENTS (CONT'D)

(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 2003, 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 term 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.

35. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 31 December 2003 were authorised for issue in accordance with a resolution of the Board of Directors on 18 March 2004.

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 30 April 2004 are as follows:-

	Name	Direct Interest		Indirect Interest	
		No. of shares	%	No. of shares	%
1.	Tan Sri Dato' Halim Bin Mohammad	29,275,000	36.33	* 18,343,500	22.77
2.	Puan Sri Datin Mazmin Bin Noordin	18,343,500	22.77	#29,275,000	36.33
3.	Credit Suisse Singapore for Keystone Worldwide Limited	^5,505,000	6.83	-	-

* 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 30 April 2004 are as follows:-

	Name	Direct Interest		Indirect Interest	
		No. of shares	%	No. of shares	%
1.	Tan Sri Dato' Halim Bin Mohammad	29,275,000	36.33	* 18,343,500	22.77
2.	Puan Sri Datin Mazmin Binti Noordin	18,343,500	22.77	#29,275,000	36.33
3.	Dato' Seri Haji Sulaiman Bin Mohd Amin	-	-	-	-
4.	Dato' Edris @ Idris Bin Haji Wahed	-	-	-	-
5.	Tuan Haji Mazlan Bin Nordin	-	-	^55,000	0.07
6.	Mr Patrick Lim Keng Lee	-	-	-	-
7.	Mr Ee Beng Wat	-	-	-	-

* 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.

None of the Directors of HMB has any ICULS in HMB as at 30 April 2004.

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	933
2.	ICULS of RM1.00 each	NIL	138

D. ANALYSIS BY SIZE OF HOLDINGS

1. Ordinary shares of RM1.00 each

No. of shareholders	Holdings	No. of shares	%
0	Less than 100	0	0.00
264	100 to 1,000	245,900	0.31
568	1,001 to 10,000	2,283,000	2.83
75	10,001 to 100,000	2,334,300	2.90
23	100,001 to less than 5% of issued shares	22,584,300	28.03
3	5% and above of issued shares	53,123,500	65.93
933	Total	80,571,000	100.00

2. ICULS of RM1.00 each

No. of ICULS holders	Holdings	No. of ICULS	%
0	Less than 100	0	0
78	100 to 1,000	77,100	12.14
51	1,001 to 10,000	190,500	30.00
8	10,001 to 100,000	224,200	35.31
1	100,001 to less than 5% of issued ICULS	143,200	22.55
0	5% and above of issued ICULS	0	0.00
138	Total	635,000	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	29,275,000	36.33
2.	Puan Sri Datin Mazmin Binti Noordin	18,343,500	22.77
3.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary : Keystone Worldwide Limited)	5,505,000	6.83
4.	Universal Trustee (Malaysia) Berhad (Beneficiary : Mayban Unit Trust Fund)	3,200,000	3.97
5.	Amanah Raya Berhad (Beneficiary : Amittikal)	3,107,200	3.86
6.	DB (Malaysia) Nominee (Asing) Sdn Bhd (Beneficiary : Southaven Holdings Ltd)	2,960,000	3.67
7.	Employees Provident Fund Board	2,940,400	3.65
8.	HSBC Nominees (Tempatan) Sdn Bhd (Beneficiary : Amanah Saham Sarawak)	1,285,000	1.59
9.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary : Fresa Overseas Limited)	1,255,000	1.56
10.	RHB Nominees (Asing) Sdn Bhd (Beneficiary : Kripalson International Ltd)	1,136,000	1.41
11.	John Hancock Life Insurance (Malaysia) Berhad	1,000,000	1.24
12.	Universal Trustee (Malaysia) Berhad (Beneficiary : SBB Dana Al-Azam)	925,000	1.15
13.	Lee Chee Ming	789,600	0.98
14.	AMMB Nominees (Tempatan) Sdn Bhd (Beneficiary : Employees Provident Fund)	750,000	0.93
15.	Amanah Raya Nominees (Tempatan) Sdn Bhd (Beneficiary : Mayban Dana Ikhlas)	540,300	0.67
16.	Suresh Emmanuel Abishegam	316,500	0.39
17.	Bank Kerjasama Rakyat Malaysia Berhad (As Beneficial Owner)	308,500	0.38
18.	Mayban Nominees (Asing) Sdn Bhd (Beneficiary:Islamic Corp. for the dev. of the Private Sector [IC02-230827])	300,000	0.37
19.	Mayban Nominees (Asing) Sdn Bhd (Beneficiary:Islamic Corp. for the dev. of the Private Sector [IC02-230802])	300,000	0.37
20.	Amanah Raya Nominees (Tempatan) Sdn Bhd (Beneficiary : Mayban Dana Yakin)	300,000	0.37
21.	PRB Nominees (Tempatan) Sdn Bhd (Beneficiary : Rubber Industry Smallholders Development Authority)	270,000	0.34
22.	MCIS Zurich Insurance Berhad	221,000	0.27
23.	HSBC Nominees (Tempatan) Sdn Bhd (Beneficiary : Fearnley Fonds Asa)	210,000	0.26
24.	Botly Nominees (Tempatan) Sdn Bhd (Beneficiary : Oh Kim Sun)	188,800	0.23
25.	Nican Asia Limited	173,000	0.21
26.	Citicorp Nominees (Asing) Sdn Bhd (Beneficiary : Oceanic Hedge Fund)	108,000	0.13
27.	F.I.T Nominees (Asing) Sdn Bhd (Beneficiary : Goldblock Investments Limited)	100,000	0.12
28.	Ke-Zan Nominees (Asing) Sdn Bhd (Beneficiary : Herbert Lotman)	95,000	0.12
29.	SBBAM Nominees (Tempatan) Sdn Bhd (Beneficiary : Amal Assurance Bhd)	88,200	0.11
30.	Lee Vwee Thiam	80,000	0.10

2. ICULS of RM1.00 each

	ICULS holders' Names	No. of ICULS	%
1.	Aileen Lee Pei Pei	143,200	22.55
2.	PRB Nominees (Tempatan) Sdn Bhd (Beneficiary : Rubber Industry Smallholders Development Authority)	57,000	8.98
3.	Durairaj A/L R Govindasamy	43,000	6.77
4.	Ng Sye Pink @ Joachim	28,300	4.45
5.	Affin Nominees (Asing) Sdn Bhd (Beneficiary : Johannsen Bjorn Wilhelm)	25,000	3.94
6.	Teoh Ghin Lye	20,000	3.15
7.	Formis Holdings Berhad	20,000	3.15
8.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary : Lucky Star Investments Ltd)	20,000	3.15
9.	Mohinder Singh A/L Sucha Singh	10,900	1.72
10.	Mayban Nominees (Tempatan) Sdn. Bhd. (Beneficiary : Mohinder Singh A/L S.Sucha Singh)	9,500	1.50
11.	HDM Nominees (Asing) Sdn Bhd (Beneficiary : Siew Whye Yen Geraldine)	9,000	1.42
12.	Tee Ching Pau	7,000	1.10
13.	Johannsen Bjorn Wilhelm	7,000	1.10
14.	Citicorp Nominees (Tempatan) Sdn Bhd (Beneficiary : Tan Chu Chin)	7,000	1.10
15.	Citicorp Nominees (Asing) Sdn Bhd (Beneficiary : Teoh Kim Chai)	7,000	1.10
16.	Lew Yock Kim	6,000	0.94
17.	Yu Kuan Huat	5,000	0.79
18.	Yong Yue Poh	5,000	0.79
19.	Sam Ah Noi @ Sam Choon Kook	5,000	0.79
20.	Mayban Nominees (Tempatan) Sdn Bhd (Beneficiary : Pang Tsu Ming)	5,000	0.79
21.	Lim Joo Pieow	5,000	0.79
22.	Ismail Bin Mustafa @ Mustam	5,000	0.79
23.	Goh Seng Aun	5,000	0.79
24.	Wong Chok Chiw	4,000	0.63
25.	TCL Nominees (Tempatan) Sdn Bhd (Beneficiary : Aw Ah Sang @ Aw Ah Tee)	4,000	0.63
26.	Tan Soo King	4,000	0.63
27.	Mayban Nominees (Asing) Sdn Bhd (Beneficiary : Valcini Swee Fong)	4,000	0.63
28.	Lee Khing Poo @ Lee Khing Boor	4,000	0.63
29.	Ho How Kwan	4,000	0.63
30.	HLG Nominee (Tempatan) Sdn Bhd (Beneficiary : Chew Yak Hui)	4,000	0.63

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting ("AGM") of the Company will be held at Concorde Hotel Kuala Lumpur, 2 Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 28 June 2004 at 11.00 a.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 2003 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 2003. **Resolution 2**
3. To approve the payment of Directors' fees of RM126,000 in respect of the year ended 31 December 2003. **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, Dato' Edris @ Idris Bin Haji Wahed, 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, Mr Patrick Lim Keng Lee, who retires by rotation pursuant to Article 89 of the Company's Articles of Association, and being eligible, offers himself 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 Bursa Malaysia Securities Berhad (Formerly known as Malaysia Securities Exchange Berhad) ("Bursa Malaysia") 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. As at 31 December 2003, the audited retained profits and share premium accounts of the Company were RM52,609,992 and RM16,844,830 respectively.

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 Bursa Malaysia 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 which 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 Eighth AGM held on 29 May 2003 pursuant to paragraph 10.09 of the Bursa Malaysia Listing Requirements, 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(a) of the Circular to Shareholders dated 4 June 2004 ("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 person connected with the interested 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, or person connected 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. PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW RECURRENT RPT MANDATE")

"THAT, pursuant to paragraph 10.09 of the Bursa Malaysia Listing Requirements, HMB Group be and are hereby authorized to enter into the specified Recurrent Related Party Transactions of a revenue or trading nature as set out in paragraph 2.2.2(b) of the Circular to Shareholders dated 4 June 2004 ("Circular") with the Related Party mentioned therein which are necessary for the HMB Group's day-to-day operations, subject to the following:-

- 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 New Recurrent RPT 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 person connected with the interested 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, or person connected 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 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 authorized to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed New Recurrent RPT Mandate".

Resolution 11

12. 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

LIM SECK WAH (MAICSA 0799845)

TAN LAY LING (MAICSA 7042375)

Company Secretaries

Kuala Lumpur

4 June 2004

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 2003 will be paid on 9 July 2004 to Depositors registered in the Record of Depositors at the close of business at 5.00 p.m. on 1 July 2004.

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 1 July 2004, in respect of ordinary transfers; and
- b) Shares bought on Bursa Malaysia on a cum entitlement basis according to the Rules of the Bursa Malaysia.

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 the 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. *Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
7. *Explanatory Notes on Special Business*
 - (a) *Ordinary Resolution No. 8 – Authority to allot shares pursuant to Section 132D of the Companies Act, 1965.*
 - (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 4 June 2004.
 - (c) *Ordinary Resolution No. 10 – Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with related parties.*

The explanatory notes on the resolutions under item 10 and 11 of the agenda is set out in the Circular to Shareholders dated 4 June 2004.
 - (d) *Ordinary Resolution No. 11 – Proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature with related parties.*

Statement Accompanying the Notice of AGM

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. Dato' Edris @ Idris Bin Haji Wahed (retiring pursuant to Article 89 of the Company's Articles of Association)
- c. Mr Patrick Lim Keng Lee (retiring pursuant to Article 89 of the Company's Articles of Association)

2. Details of attendance of Directors at Board Meeting

Four Board Meetings were held during the financial year from 1 January 2003 to 31 December 2003, as set out on page 5 of the Annual Report.

3. The date, time and place of the Ninth Annual General Meeting

Place	:	Concorde Hotel Kuala Lumpur, 2 Jalan Sultan Ismail, 50250 Kuala Lumpur.
Date	:	28 June 2004
Time	:	11.00 a.m

4. Details of Directors standing for re-election

Dato' Seri Haji Sulaiman Bin Mohd Amin

● Age	74
● Nationality	Malaysian
● Position in the Company	Deputy Chairman (Independent/Non-Executive Director)
● Working experience/ Qualification/Occupation	<p>Dato' Seri Haji Sulaiman bin Mohd Amin 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 Diplomatic Service then known as Malayan Civil Service (MCS) and various positions in the Malaysian Government Services.</p> <p>In late 1972, he was seconded to Keretapi Tanah Melayu where he served as Deputy General Manager for two years. He also served 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 the 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 Director and/or major shareholder of the Company	Nil
● Any conflict of interest that they have with the Company	Nil
● List of conviction of offences in the past 10 years other than traffic offences, if any	Nil

Dato' Edris @ Idris Bin Haji Wahed

● Age	62
● Nationality	Malaysian
● Position in the Company	Independent / Non-Executive Director
● Working experience/ Qualification/Occupation	<p>He was appointed to the Board on 22 May 1997. Obtained his Diploma in Police Science from University Kebangsaan Malaysia and P.S.C of Maktab Turus Angkatan Tentera Malaysia.</p> <p>He has had a long tenure of service with the Royal Malaysia Police where among others, has served as the Chief of IGP's Secretariat, Assistant Director of Management and the Chief Police of Terengganu Darul Iman. He was conferred with Federal and States awards and among others, the Darjah Sultan Mahmud Tereangganu, Darjah Indera Mahkota Pahang, Darjah Kepahlawan Pasukan Polis and Johan Setia Mangku Negara. Dato' Edris is also the Chairman of the Audit Committee of HMB.</p>
● Other Directorship of public companies	Nil
● Securities holdings in the Company and its Subsidiaries	Nil
● Family relationship with any Director and/or major shareholder of the Company	Nil
● Any conflict of interest that they have with the Company	Nil
● List of conviction of offences in the past 10 years other than traffic offences, if any	Nil

Mr Patrick Lim Keng Lee

● Age	51
● Nationality	Malaysian
● Position in the Company	Senior Independent / Non-Executive Director
● Working experience/ Qualification/Occupation	<p>Mr Patrick Lim Keng Lee was appointed to the Board on 20 November 1995. On 19 November 2003, he was appointed as the Senior Independent/ Non-Executive Director of HMB. He received his education from St. Xaviers's Institution, Penang.</p> <p>He is currently the Managing Director-Malaysia/Brunei of P&O Nedlloyd M.A. Sdn Bhd, a subsidiary of Royal P&O Nedlloyd N.V. Rotterdam. Mr Lim has some 30 years experience in the cargo transportation industry and has held various management and administrative positions in Penang, Port Klang and Kuala Lumpur. He also sits on the Board of Damco (Malaysia) Sdn Bhd, a subsidiary of Damco International B.V.Rotterdam.</p> <p>Mr Lim is a Fellow of The Chartered Institute of Logistics & Transport, London as well as a Fellow of the Institute of Chartered Shipbrokers, London and holds a Masters of Business Administration from Heriot-Watt University, United Kingdom. Mr Lim is a member of the Audit Committee of HMB.</p> <p>He is involved in industry activities through the Malaysian Dutch Business Council as a Board Member. He previously served in the International Shipowners Association of Malaysia as a member of the Executive Committee for 10 years in the 1980s/1990s.</p>
● Other Directorship of public companies	Nil
● Securities holdings in the Company and its Subsidiaries	Nil
● Family relationship with any Director and/or major shareholder of the Company	Nil
● Any conflict of interest that they have with the Company	Nil
● List of conviction of offences in the past 10 years other than traffic offences, if any	Nil

Proxy Form

*I/We
of..... being a
member/members of HALIM MAZMIN BERHAD here by 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 Ninth Annual
General Meeting of the Company to be held at Concorde Hotel Kuala Lumpur, 2 Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday,
28 June 2004 at 11 a.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		
RESOLUTION 11		

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 of2004

.....
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 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. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

stamp

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