



THE RIGHT COURSE

Halim Mazmin Berhad Annual Report



2000



HALIM MAZMIN BERHAD



The propeller, though largely unseen, is a vital component of a ship that influences its speed as it ploughs through the waves and heads in the direction and course that has been determined. The Halim Mazmin Group has set clear targets and goals as it forges ahead guided by the strength and resilience of the management, its shareholders and its business associates fueled by the kind of force that generates the motion created by the propeller to move the ship, on the right course.

20TH
ANNIVERSARY

POSITIONING
2000
& BEYOND

●
Lean and responsive

●
Partnership philosophy

●
Professional

●
High quality service

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PROXY FORM



Corporate Information

Halim Mazmin Berhad

(330820 P)

Board of Directors

Tan Sri Dato' Halim Bin Mohammad
Executive Chairman & Managing Director

Puan Sri Datin Mazmin Binti Noordin
Executive Director

Dato' Seri Haji Sulaiman Bin Mohd Amin
Deputy Chairman

Dato' Edris @ Idris Bin Haji Wahed

Mazlan Bin Nordin

Patrick Lim Keng Lee

Audit Committee

Dato' Edris @ Idris Bin Haji Wahed
Chairman
(Independent Non-Executive Director)

Patrick Lim Keng Lee
(Independent Non-Executive Director)

Tan Sri Dato' Halim Bin Mohammad
Managing Director



Senior Management

Captain Suresh E. Abishegam
Senior General Manager

Mohamad Bustami Yahaya
General Manager, Commercial & Business Development

Chung Kin Mun
General Manager, Finance

Toshio Miyauchi
General Manager, Business Development

Othman Samat
Senior Manager, Business Development

Zailan Hassan
Manager, Fleet Technical

Captain Mohd Arip Ismail
Manager, Fleet Operations

Shashi G. Harinarayanan
Manager, Fleet Personnel

Sharifah Fauziah Syed Mohsin
Legal & Corporate Affairs Manager

Goh Tai Wai
Finance Manager

Tan Lan Heng
Finance Manager

Che Mohd Salman Wan Shamsuddin
Manager, Logistics

Subramaniam Nagappen
Manager, Logistics

Che Khamsah Che Othman
Manager, Shipping Agency

Danny Gan Boon Lai
Manager, Business Development

Auditors

Ong & Wong
Public Accountants

Company Secretaries

Lim Seck Wah MAICSA 0799845
Lim Huey Feng MAICSA 7015247

Principal Bankers

Perwira Affin Bank Berhad
Bumiputra-Commerce Bank Berhad
Maybank International (L) Ltd
Bank Industri & Teknologi Malaysia Berhad
RHB Bank Berhad
Hong Leong Bank Berhad

Solicitors

Messrs Allen & Gledhill
Messrs Joseph Tan, Jude Benny, Anne Choo
Messrs Richards Butler

Stock Exchange Listing

Second Board,
Kuala Lumpur Stock Exchange

Registrar

Mega Corporate Services Sdn. Bhd.
11-1, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Registered Office

No.14, Lorong Keluli 1C
Kawasan Perindustrian Bukit Raja
40000 Shah Alam
Selangor Darul Ehsan
Telephone: 03-3343 5000

Subsidiary Companies

AHS Marine Sdn. Bhd. (236935 D)
Emerald Equity Sdn. Bhd. (382912 K)
Jubilee Shipping Sdn. Bhd. (432623 H)
Meridian Tankers Sdn. Bhd (205509 P)
Meridian Shipping Sdn. Bhd. (183163 W)
OHM Bulk Services Sdn. Bhd. (137049 M)
OHM Tankers Sdn. Bhd. (205507 D)
Patriot Shipping Sdn. Bhd. (432630 K)
Prima Delima Sdn. Bhd. (369369 D)
Prima Shipbrokers Sdn. Bhd. (154466 H)
Prima Shipmanagement Sendirian Berhad
(228397 A)
Polaris Shipping Sdn Bhd (525383 H)
Sterling Shipping Sdn Bhd (519847 K)
Splendid Shipping Sdn Bhd (519789 M)

Board of Directors



seated: left to right

Puan Sri Datin Mazmin Binti Noordin
Executive Director

Tan Sri Dato' Halim Bin Mohammad
Executive Chairman & Managing Director

standing: left to right

Patrick Lim Keng Lee

Dato' Edris @ Idris Bin Haji Wahed

Dato' Seri Haji Sulaiman Bin Mohd Amin
Deputy Chairman

Mazlan Bin Nordin

Senior Management

Captain Suresh E. Abishegam
Senior General Manager



Left to Right

Mohamad Bustami Yahaya
General Manager, Commercial & Business Development

Chung Kin Mun
General Manager, Finance

Toshio Miyauchi
General Manager, Business Development

Othman Samat
Senior Manager, Business Development

Left to Right

Zailan Hassan
Manager, Fleet Technical

Captain Mohd Arip Ismail
Manager, Fleet Operations

Shashi G. Harinarayanan
Manager, Fleet Personnel

Sharifah Fauziah Syed Mohsin
Legal & Corporate Affairs Manager



Left to Right

Goh Tai Wai
Finance Manager

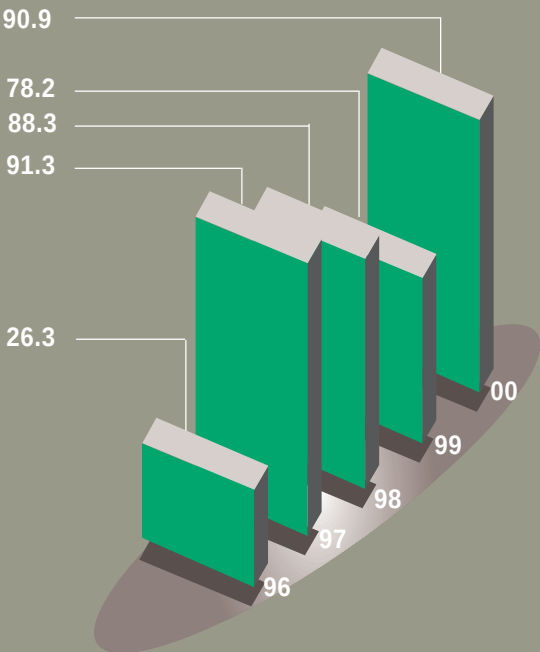
Tan Lan Heng
Finance Manager

Che Mohd Salman Wan Shamsuddin
Manager, Logistics

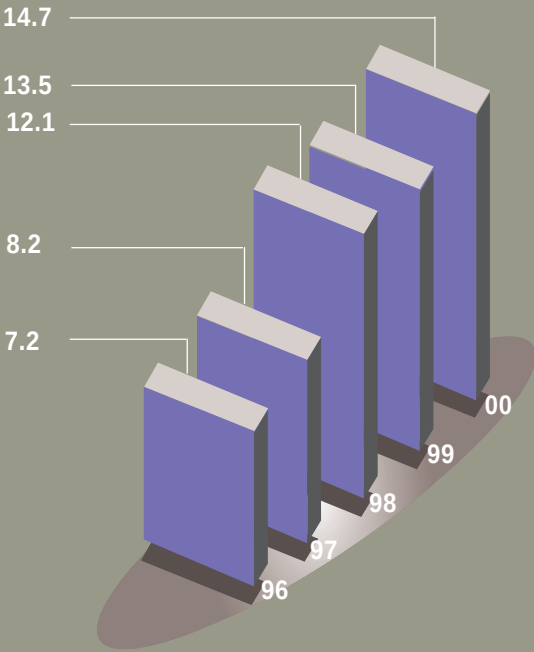
Lim Huey Feng
Company Secretary

Five-Year Financial Highlights

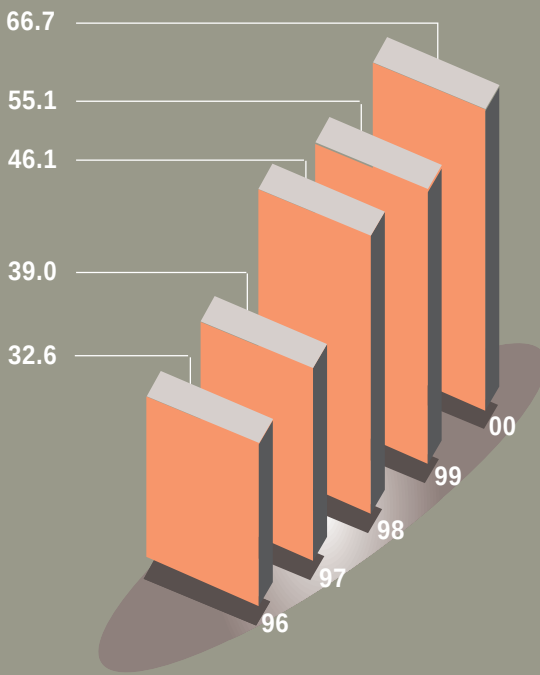
Turnover (RM Million)



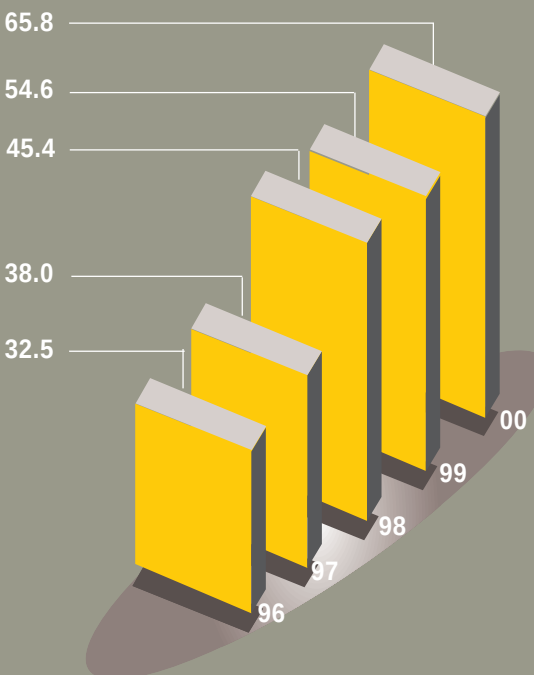
Profit After Tax (RM Million)



Shareholders' Funds (RM Million)



Net Tangible Assets (RM Million)



“The improving performance of the economy and the prevailing optimism offered HMB opportunity to foster positive growth and further strengthen its range of activities.”



Chairman's Statement

On behalf of the Board of Directors,

I am pleased to present the Annual

Report of Halim Mazmin Berhad for

the financial year ended 31 December

2000.

I am once again happy to report that the year 2000 saw a further improvement in the financial performance of Halim Mazmin Berhad (HMB) and its Group of companies.

HMB and its Group of companies recorded a higher turnover of RM90.9 million, an increase of 16.24 per cent from RM78.2 million derived by the Group in 1999.

The improved performance of the Group was clearly reflected in the higher profit after tax totalling RM14.7 million, compared with RM13.5 million achieved in 1999.

The financial improvement was attributed to the higher total revenue from the deployment of additional vessels acquired during the year by HMB and its Group of companies. The healthy trading environment that prevailed during the year was also instrumental in enhancing the performance of the Group.



HMB and its Group of companies also continued to achieve further cost savings through targeted areas of operations and management which resulted in positive gains and improved margins.

ECONOMIC OVERVIEW

Led by the recovery of the Asian economies, including that of Malaysia, and the sustained import demand in the US, the world seaborne trade expanded by about two per cent in 2000 totalling 5.34 billion tonnes and recorded its 15th consecutive annual increase. (Source: UNCTAD, *Maritime Review 2000*.)

The expansion in the world seaborne trade (from 5.23 billion tonnes in 1999) was boosted by a significant expansion in the liner, and the tanker trades, in which HMB and its Group of companies are actively engaged in.

The global merchant fleet continued to expand to more than 800 million dwt. The year also saw the entry of several newbuildings, in particular the emergence of large post-panamax containerships with capacity exceeding 6,000 TEUs.

The expansion in seaborne trade was reflected in the improvement in the freight rates, including in the liner trades where conference and non-conference lines were able to successfully restore the fallen freight rates to higher levels.

Both Asia-Europe and the Transpacific trades (in which vessels owned by HMB and its Group of companies have been deployed by its charterers) reported healthy recovery. In line with the general improvements in the freight markets, charter hire rates for container vessels improved, thus sustaining the Group's earnings.

A Capesize vessel,
- Meridian Polaris - owned
by HMB Group

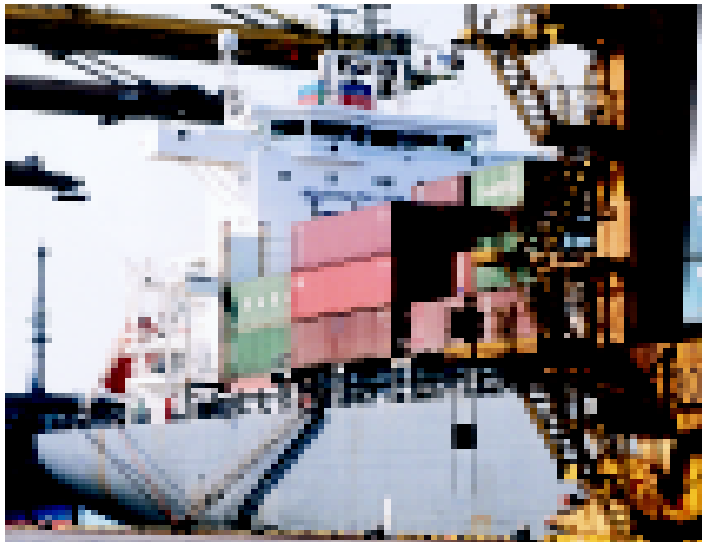


“The implementation of efficient vessel management practices brought about greater resilience to the earnings and financial discipline of HMB and its Group of companies.”



MALAYSIA'S EXTERNAL TRADE & SHIPPING

For the second consecutive year in 2000 the Malaysian economy continued its rebound following the sharp contraction in 1998. The economic recovery, which began in the second half of 1999, strengthened further during the year and overall the GDP recorded a growth of 7.5 per cent for 2000.



The growth of the economy was supported by the expansion of the manufacturing sector which recorded 17 per cent increase, driven largely by a double-digit expansion of both export and domestic-oriented industries.

In line with the improvement of the overall economy, the services sector, including shipping and transportation services, expanded, by 4.9 per cent in 2000. (Source: *Economic Report 2000/2001*, Ministry of Finance.)

The continued strong recovery of the economy was no doubt as a result of the pragmatic and comprehensive policies that the Government had in place to engineer the recovery. Monetary and fiscal policies were fine tuned to support the recovery. The Government also continued with the selective exchange controls.

With the broad-based initiatives and actions by the Government the economy continued to strengthen with the macroeconomic fundamentals continuing to improve.

Consistent with the growth of the economy, the year in review saw a tremendous surge in the nation's seaborne trade. Major ports in the country handled a total of 175 million tonnes of cargo. There was a total of 48,400 vessel calls at the principal ports in the country during the year in review. (Source: *Ports World Sdn Bhd.*)



The buoyancy of the nation's trade was also reflected in the dramatic surge in the volume of containers handled which rose from 4.1 million TEUs in 1999 to 5.5 million TEUs in 2000. (Source: Ports World Sdn Bhd.)

Following the expansion of the national trade, the nation's gross freight and insurance bill rose by 25 per cent to RM24.2 billion.

COMPANY OVERVIEW

The year 2000 marked the 20th anniversary of HMB (as the successor company) and served to underline the active involvement of HMB and its Group of companies in the development of the national maritime industry for two decades.

The event provided an occasion for us to reflect on the trail of its progress and also offered an opportunity to confidently look at the path ahead to strengthen and position itself in the coming years.

The improving performance of the economy and the prevailing optimism offered HMB and its Group of companies opportunity to foster positive growth and further strengthen its range of activities.



On occasion of
20th anniversary of HMB

HMB and its Group of companies thus took advantage of the opportunity and, as reported in the last Annual Report (that the Group would keep an eye for new investments), acquired three additional vessels during the year.

Our steadfastness in focusing on core shipping activities also saw HMB and its Group of companies making a significant inroad into dry bulk cargo shipping. The timely acquisition of the 149,475 dwt capesize dry bulk cargo carrier - *Meridian Polaris* - served not only to buttress the revenue base of HMB but further strengthen and diversify the product profile of the group as well as "globalise" our shipping activities.



I am happy to report that the introduction of new measures to address vessel maintenance were well placed. The implementation of efficient vessel management practices brought about greater resilience to the earnings and financial discipline of HMB and its Group of companies.

CORE ACTIVITIES

HMB and its Group of companies remained steadfast by focusing on core activities, namely shipowning and chartering.



By concentrating on the core area of our business we continued to enhance the quality of earnings of HMB and its Group of companies from shipping and this has been fully reflected in the improved financial performance of the Group.

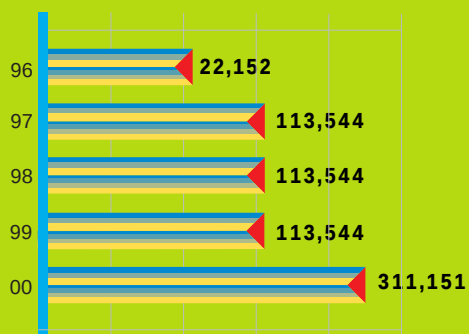
■ CONTAINER SHIPPING

During the year in review, HMB and its Group of companies made a strategic acquisition of two more containerships of 48,132 dwt each with a capacity to carry 3,020 TEUs. The two vessels, - *Harmony Container* and *Freedom Container* - chartered to Kien Hung Shipping Company Ltd of Taiwan, contributed to enhancing the earnings and performance of the HMB and its Group of companies in the third quarter of the year.

The two vessels are deployed in the trade between Malaysia and South America which the Government has been committed to encouraging in the spirit of the South-South cooperation.

HMB's two other containerships - *America Senator* and *Japan Senator* - are time-chartered to Senator Line and also call Port Klang direct in the service operated by its charterer.

Total tonnage (dwt) of vessels owned by HMB



“The strategic alliance we have forged with the internationally reputed Nippon Yusen Kaisha (NYK) marks a major achievement in the path of progress of HMB.”

It is indeed heartening to note that all our four Malaysian-flag container vessels are now actively serving important trades worldwide and more pertinently, calling directly at Port Klang giving further impetus to the development of the Government's National Load Centering policy.

■ TANKER TRADE

Our product tankers continued to meet contractual obligations under the respective term charters with charterers of international repute, namely Petronas and Shell Malaysia. The Group also successfully secured a further contract with Petronas for its product tanker, *Meridian Star* to carry refined petroleum products.

The product tankers - *Meridian Star*, *Meridian Vega*, *Meridian Sun* and *Meridian Mira* - are chartered out to Petronas and Shell to carry refined petroleum products to markets in Malaysia and the region. Ports called by our vessels to load refined petroleum products include Malacca, Port Dickson, Miri and Singapore.



■ DRY BULK SERVICES

The year 2000 marked HMB and its Group of companies widening the range of shipping business by engaging in dry bulk cargo services with the acquisition of a 149,475 dwt capesize bulk carrier - *Meridian Polaris*. The vessel, jointly acquired with NYK - one of the strongest and largest Japanese shipping companies - brings to the Group yet another new source of revenue stream in the core area of shipping.

“HMB and its Group of companies will continue to foster fleet development, in the same practical and astute approach we have always taken, fundamentally aimed at enhancing shareholders’ value.”

Tan Sri Dato’ Halim Mohammad

Executive Chairman

Meridian Polaris - the largest vessels of its kind in the Malaysian registry - performed well in the light of the strong freight market in dry bulk trade and contributed to further strengthening the revenue base of HMB and its Group of companies. The strategic alliance we have forged with the internationally reputed NYK marks a major achievement in the path of progress that HMB and its Group of companies has taken in the globalisation of our shipping activities.

On occasion of HMB's vessel, *Japan Senator* on her maiden call at Westport, Port Klang



FINANCIAL PERFORMANCE

For the financial year ended 31 December 2000, the Group recorded a higher turnover of RM90.92 million, an increase of 16.24 per cent compared with the turnover achieved in 1999.

During the year under review the Group recorded 8.7 per cent increase in its profit after tax totalling RM14.67 million compared with RM13.5 million the previous year. After accounting for minority interests totalling RM2.73 million, the profit after tax was RM11.95 million.

HMB and its Group of companies continued to achieve a measure of stability in US\$ denominated earnings as a result of the Government's decision to continue with the selective exchange rate. In particular the exchange rate policy helped in planning and implementing our purchases of fuel, spares and maintenance.

The higher turnover, and the improved earnings achieved by HMB and its Group of companies were also attributed to the deployment of two additional container vessels and a capesize bulk carrier in the third quarter of 2000. In addition, the firming of the charter hire rates, as a result of the expansion in the aggregate demand for shipping tonnage, helped to sustain the Group's performance.



The continuing efforts by the management to focus on strategic business areas as well as to concentrate on policies and practices relating to the prudent management, operation and maintenance of the vessel brought about positive gains and benefits to the Group.

As a consequence of the Group's prudent approach to management of its assets, all vessels owned by the Group were maintained to stringent international standards by complying with all statutory and mandated quality forms.

HMB's policy relating to vessel management and maintenance has served to contribute to enhancing value of its assets as well as created considerable confidence in charterers seeking quality tonnage that assured reliability and consistency in the performance. Such quality tonnage as provided by HMB and its Group of companies no doubt helped charterers to avoid any disruption in vessel schedules and deployment, thus increasing their dependability on the vessels in contributing to the predictability of the earnings.



OUTLOOK & CHALLENGES

The economic outlook for 2001 remains positive although some concerns prevail over the growth of the economy as a result of global developments, namely the performance of US economy.

HMB shares the view of the Government that growth of the economy will be sustained, largely on account of the expected stronger performance of the private sector. The Government is expected to strongly support measures and initiatives to ensure the economic growth is sustained through expansion of domestic demand and identifying new sources of growth as well as enhancing the nation's competitiveness and resilience. (Source: Budget 2001 Proposals by Minister of Finance, Tun Daim Zainuddin.



Notwithstanding the concerns, HMB and its Group of companies are cautiously optimistic that the year ahead will be a good year and that the performance shall be sustained. HMB and its Group of companies have demonstrated the ability to be resilient and will thus continue to be careful in addressing any external threats and challenges in the operating environment.

HMB and its Group of companies are confident that there exists vast opportunities for development of national shipping capacity considering the fact that in 2000 freight and insurance payment to foreign operators rose to RM18.25 billion.

Based on such positive analysis and view of things, HMB and its Group of companies will continue to foster fleet development, in the same practical and astute approach we have always taken, fundamentally aimed at enhancing shareholders' value.



APPRECIATION

On behalf of the Board, I would like to extend my appreciation and gratitude to the Masters, officers and crew of the Group's vessels and the Management and staff of HMB for their continued commitment, dedication and loyalty.

I would also like to take this opportunity to express our gratitude to the Government & its agencies for the support and assistance and our clients, business associates and bankers who's support was also instrumental in ensuring the success of the Group.

Last but not least, I would like to record my appreciation to my fellow members of the Board for their advice and support, and most importantly, the shareholders for their full and unflagging support to HMB.

Thank You

Tan Sri Dato' Halim Mohammad

Executive Chairman

20 March 2001

List of Vessels

Name of Vessel	Type	Year Built	GRT	DWT
Meridian Sun	Clean Petroleum Product Tanker	1990	2,467	4,574
Meridian Star	Clean Petroleum Product Tanker	1991	2,467	4,574
Meridian Vega	Clean Petroleum Product Tanker	1991	3,885	6,979
Meridian Mira	Clean Petroleum Product Tanker	1994	3,600	6,025
Japan Senator	Containership (2,680 TEU)	1993	34,231	45,696
America Senator	Containership (2,680 TEU)	1993	34,231	45,696
Harmony Container	Containership (1,510 TEU)	1997	17,163	24,066
Freedom Container	Containership (1,510 TEU)	1997	17,163	24,066
Meridian Polaris	Capesize Bulker	1992	77,372	149,475

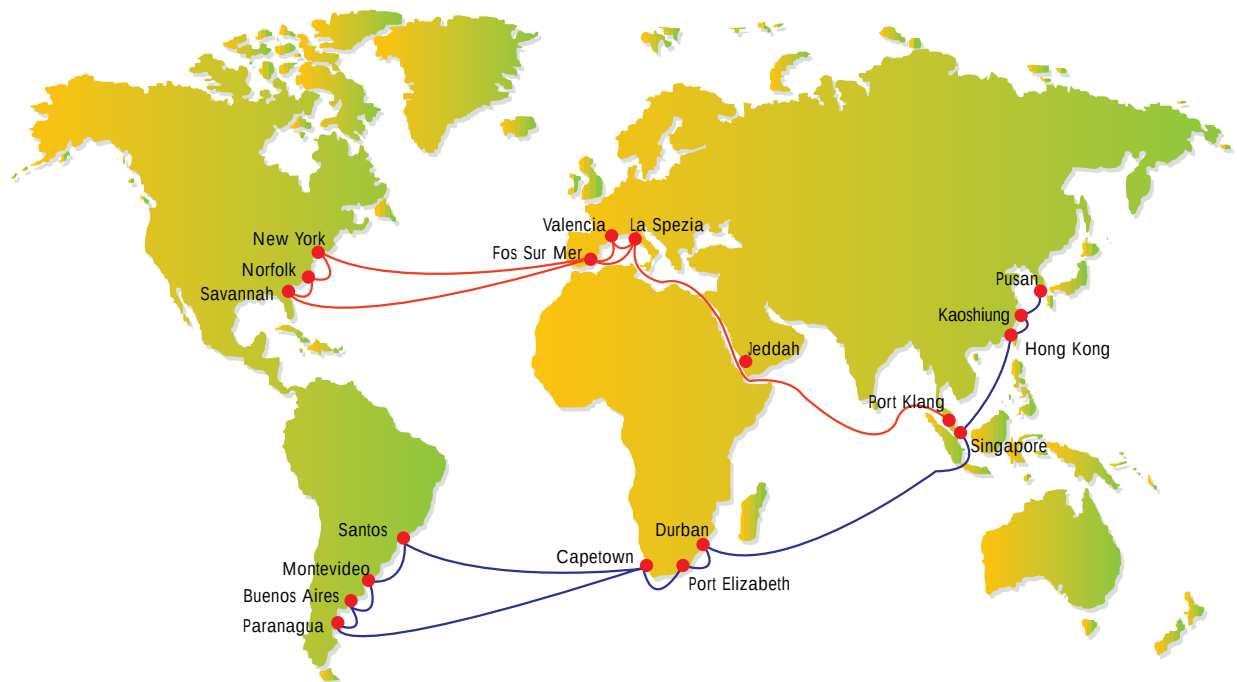
List of Properties

Location	Description	Tenure	Land area	Net book value
Precinct 5.3 Seksyen 14 Pusat Bandar, Shah Alam, Selangor Darul Ehsan.	Vacant land for development of office and commercial Complex	99-year lease from date of issuance of title*	5,814 sq.metres	RM 5.01 million

* Lease title has yet to be issued.

Network of Offices & Main Ports of Call

International Ports of Call



Branch Offices and Ports of Call in Malaysia



Directors' Report and Financial Statements 2000

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Directors' Report

For the year ended 31st December, 2000

The Directors have pleasure in submitting their report and the audited accounts of the Company and of the Group for the financial year ended 31st December, 2000.

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

RESULTS

	Group RM	Company RM
Profit after taxation	14,422,127	18,558,598
Minority interests	(2,811,936)	-
Profit attributable to shareholders	11,610,191	18,558,598
Retained profits brought forward	41,921,651	12,818,662
Profit available for appropriation	53,531,482	31,377,260
Dividend	(622,100)	(622,100)
Retained profits carried forward	52,909,742	30,755,160

DIVIDEND

During the year, the Company paid a first and final tax exempt dividend of 7% amounting to RM1,421,630 in respect of the previous financial year as proposed in the Directors' Report of that year.

The Directors recommend a first and final tax exempt dividend of 3% amounting to RM609,990 in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in Note 15 to the accounts.

ISSUE OF SHARES

During the financial year, the Company has issued 197,000 new ordinary shares of RM1.00 each as at 31st December, 2000, arising from the conversion of the Company's 8% Irredeemable Convertible Unsecured Loan Stocks (ICULS).

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
Mazlan Bin Nordin
Patrick Lim Keng Lee
Dato' Edris @ Idris Bin Haji Wahed
Dato' Seri Haji Sulaiman Bin Mohd Amin

In accordance with Article 86 of the Articles of Association, Dato' Edris @ Idris Bin Haji Wahed retires from the board at the forthcoming Annual General Meeting and being eligible offers himself 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 each			Balance at 31.12.2000
	Balance at 1.1.2000	Bought	Sold	
Tan Sri Dato' Halim Bin Mohammad	9,276,000	-	-	9,276,000
Puan Sri Datin Mazmin Binti Noordin	3,081,000	-	-	3,081,000

	Number of ICULS of RM1 each			Balance at 31.12.2000
	Balance at 1.1.2000	Bought	Sold	
Tan Sri Dato' Halim Bin Mohammad	12,897,000	99,000	-	12,996,000

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 31st December, 2000 to 18th January, 2001.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts or the fixed salary of a full-time employee of the company) 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 23 and 24 to the accounts.

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

OTHER STATUTORY INFORMATION

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

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

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

- i) which would render the amount written off as bad debts, or the amount of the provision for doubtful debts in the accounts 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 accounts 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 accounts of the Group and of the Company misleading or inappropriate; and
- iv) not otherwise dealt with in this report or in the accounts of the Group and of the Company, that would render any amount stated in the respective accounts misleading.

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

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

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

In the opinion of the Directors:

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

AUDITORS

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

On behalf of the Board

TAN SRI DATO' HALIM BIN MOHAMMAD

Director

PUAN SRI DATIN MAZMIN BINTI NOORDIN

Director

Kuala Lumpur

6 February 2001

Statement by Directors and Statutory Declaration

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 accompanying balance sheets of the Company and of the Group as at 31st December, 2000 and the related income statements and statements of changes in equity of the Company and of the Group and cash flow statement of the Group for the financial year then ended, together with the notes thereon, have been made out in accordance with the applicable approved Accounting Standards and are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2000 and of the results of the Company and of the Group and cash flow of the Group for the financial year ended on that date.

On behalf of the Board,

Director

TAN SRI DATO' HALIM BIN MOHAMMAD

Director

PUAN SRI DATIN MAZMIN BINTI NOORDIN

6 February 2001

Kuala Lumpur

I, TAN SRI DATO' HALIM BIN MOHAMMAD, the director primarily responsible for the financial management of HALIM MAZMIN BERHAD, do solemnly and sincerely declare that the accompanying balance sheets of the Company and of the Group as at 31st December, 2000 and the related income statements and statements of changes in equity of the Company and of the Group and cash flow statement of the Group for the financial year then ended, together with the notes thereto 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
6 February 2001

TAN SRI DATO' HALIM BIN MOHAMMAD

Before me,

Ong Kah Chong, A.M.N
No.W145
Commissioner for Oaths
Kuala Lumpur

Report of the Auditors to the Members of Halim Mazmin Berhad

We have audited the accounts set out on pages 24 to 49. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the accounts 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 accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by Directors as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accounts 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 accounts of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company at 31st December, 2000 and of the results of the operations of the Group and of the Company and of the cash flow of the Group for the financial year ended on that date;
- (b) the accounting and other records and the registers required by 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 accounts of the subsidiary companies that have been consolidated with the Company's accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the accounts 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

Public Accountants

ONG KONG LAI

494 / 06 / 02(I / PH)

Partner of Firm

Kuala Lumpur

6 February 2001

Consolidated Balance Sheet

As at 31st December, 2000

	Note	2000 RM	1999 RM
FIXED ASSETS	3	522,098,402	285,552,722
LAND AND DEVELOPMENT EXPENDITURE	4	5,005,482	4,780,354
EXPENDITURE CARRIED FORWARD	5	650,850	268,575
ASSOCIATED COMPANY	7	8,557,008	8,547,507
INVESTMENT	8	50,000	50,000
GOODWILL ON CONSOLIDATION		218,156	218,156
CURRENT ASSETS			
Stocks		1,078,826	276,155
Trade debtors		4,567,610	3,483,101
Other debtors, deposits & prepayments		22,776,490	2,378,763
Deposits with licensed banks	9	10,376,442	5,968,175
Cash & bank balances		2,535,811	1,299,892
		41,335,179	13,406,086
CURRENT LIABILITIES			
Trade creditors		5,758,230	4,757,217
Other creditors & accruals	11	13,545,982	8,985,459
Hire purchase creditors	12	183,767	166,765
Term loans	12	43,948,131	27,410,613
Short term borrowings	13	2,150,082	2,687,320
Taxation		89,735	-
Proposed dividend		609,990	1,409,520
		66,285,917	45,416,894
NET CURRENT LIABILITIES		(24,950,738)	(32,010,808)
		511,629,160	267,406,506
FINANCED BY:			
SHARE CAPITAL	14	20,333,000	20,136,000
RESERVES	15	46,347,343	34,922,429
SHAREHOLDERS' FUNDS		66,680,343	55,058,429
IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS	16	19,665,000	19,862,000
MINORITY INTERESTS		9,027,933	6,278,996
		95,373,276	81,199,425
LONG TERM LIABILITIES	12	411,494,474	182,179,756
PROVISION FOR DRYDOCKING EXPENDITURE		4,761,410	4,027,325
		511,629,160	267,406,506

The annexed notes form an integral part of these accounts.

Consolidated Income Statement

For the year ended 31st December, 2000

	Note	2000 RM	1999 RM
Turnover	17	91,314,247	78,231,364
Cost of sales		(166,148)	(1,506,987)
Gross profit		91,148,099	76,724,377
Other operating income		511,251	107,468
Operating expenses		91,659,350 (54,573,078)	76,831,845 (45,822,380)
Operating profit		37,086,272	31,009,465
Finance costs		(23,003,783)	(17,840,071)
Interest income		460,288	296,619
Share of profit of associated company		20,459	45,087
Profit before taxation	18	14,563,236	13,511,100
Taxation	19	(141,109)	(8,473)
Minority interest		(2,811,936)	(3,141,245)
Net profit for the year		11,610,191	10,361,382
Earnings per share	21		
· Basic		57 sen	51 sen
· Fully diluted		42 sen	43 sen

The annexed notes form an integral part of these accounts.

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2000

	Note	Share Capital RM	Share Premium RM	Merger Adjustment RM	Retained Profit RM	Total RM
At 1st January, 1999		19,999,000	1,082,562	(7,983,789)	32,969,789	46,067,562
Profit for the year		-	-	-	10,361,382	10,361,382
Dividends	20	-	-	-	(1,409,520)	(1,409,520)
Issue of shares		137,000	-	-	-	137,000
Premium arising from conversion of ICULS		-	298,660	-	-	298,660
ICULS expenses		-	(396,655)	-	-	(396,655)
At 31st December, 1999		20,136,000	984,567	(7,983,789)	41,921,651	55,058,429
Profit for the year		-	-	-	11,610,191	11,610,191
Dividends	20	-	-	-	(622,100)	(622,100)
Issue of shares		197,000	-	-	-	197,000
Premium arising from conversion of ICULS		-	429,460	-	-	429,460
ICULS expenses		-	7,363	-	-	7,363
At 31st December, 2000		20,333,000	1,421,390	(7,983,789)	52,909,742	66,680,343

The annexed notes form an integral part of these accounts.

Balance Sheet

As at 31st December, 2000

	Note	2000 RM	1999 RM
FIXED ASSETS	3	245,215	366,908
SUBSIDIARY COMPANIES	6	22,402,949	16,911,949
ASSOCIATED COMPANY	7	8,878,000	8,878,000
INVESTMENT	8	50,000	50,000
CURRENT ASSETS			
Other debtors		231,345	196,837
Amount due from subsidiary companies	10	102,811,193	43,161,178
Cash & bank balances		370,836	146,498
		103,413,374	43,504,513
CURRENT LIABILITIES			
Other creditors & accruals		1,737,754	1,042,734
Amount due to subsidiary companies	10	-	1,917,650
Term loan	12	2,112,000	1,212,000
Short term borrowings	13	2,150,082	2,281,921
Proposed dividend		609,990	1,409,520
		6,609,826	7,863,825
NET CURRENT ASSETS		96,803,548	35,640,688
		128,379,712	61,847,545
FINANCED BY:			
SHARE CAPITAL	14	20,333,000	20,136,000
RESERVES	15	32,176,550	13,803,229
SHAREHOLDERS' FUNDS		52,509,550	33,939,229
IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS	16	19,665,000	19,862,000
LONG TERM LIABILITIES	12	56,205,162	8,046,316
		128,379,712	61,847,545

The annexed notes form an integral part of these accounts.

Income Statement

For the year ended 31st December, 2000

	Note	2000 RM	1999 RM
Turnover	17	22,756,000	8,228,000
Other operating income		410	.
		22,756,410	8,228,000
Operating expenses		(704,711)	(623,646)
Operating profit		22,051,699	7,604,354
Finance costs		(3,527,816)	(3,053,447)
Interest income		34,715	33,722
Net profit for the year	18	18,558,598	4,584,629

The annexed notes form an integral part of these accounts.

Statement of Changes in Equity

For the year ended 31st December, 2000

	Note	Share Capital RM	Share Premium RM	Retained Profit RM	Total RM
At 1st January, 1999		19,999,000	1,082,562	9,643,553	30,725,115
Profit for the year		-	-	4,584,629	4,584,629
Dividends	20	-	-	(1,409,520)	(1,409,520)
Issue of shares		137,000	-	-	137,000
Premium arising from conversion of ICULS		-	298,660	-	298,660
ICULS expenses		-	(396,655)	-	(396,655)
At 31st December, 1999		20,136,000	984,567	12,818,662	33,939,229
Profit for the year		-	-	18,558,598	18,558,598
Dividends	20	-	-	(622,100)	(622,100)
Issue of shares		197,000	-	-	197,000
Premium arising from Conversion of ICULS		-	429,460	-	429,460
ICULS expenses		-	7,363	-	7,363
At 31st December, 2000		20,333,000	1,421,390	30,755,160	52,509,550

Consolidated Cash Flow Statement

For the year ended 31st December, 2000

	Note	2000 RM	1999 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		14,563,236	13,511,100
Adjustments for:			
Depreciation of fixed assets		17,047,197	13,582,147
Deferred expenditure written off		123,863	142,854
Gain on disposal of fixed assets		(20,999)	-
Provision for drydocking		2,818,517	3,263,937
Share of profits in associated company		(20,459)	(45,087)
Interest expense		23,003,783	17,840,071
Interest income		(460,288)	(296,619)
Operating profit before working capital changes		57,054,850	47,998,403
Increase in stocks		(802,671)	(79,794)
Decrease in debtors		24,674,862	4,352,192
(Decrease)/increase in creditors		(19,305,049)	1,659,524
Cash generated from operations		61,621,992	53,930,325
Expenditure carried forward		(86,977)	(2,660)
Tax paid		(59,492)	(58,463)
Interest paid		(23,003,783)	(17,840,071)
Interest received		460,288	296,619
Net cash generated from operating activities		38,932,028	36,325,750
CASH FLOWS FROM INVESTING ACTIVITIES			
Land and development expenditure		(225,128)	(269,977)
Drydocking expenditure		(2,084,432)	(1,525,810)
Proceed from sale of fixed assets		21,001	-
Purchase of fixed assets	C	(253,507,979)	(281,300)
Acquisition of subsidiary companies	B	3	4,486
Listing expenses		7,363	(396,655)
Net cash used in investing activities		(255,789,172)	(2,469,256)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from ICULS conversion		232,460	298,660
Proceeds from issue of ICULS		197,000	19,999,000
Proceeds from long term borrowings		255,504,000	-
Issue of shares to minority shareholders		1,809,000	-
Repayment of hire purchase liabilities		(170,357)	(96,184)
Repayment of long term borrowings		(31,239,905)	(45,582,631)
Dividends paid		(3,293,630)	(2,159,940)
Net cash generated from/(used in) financing activities		223,038,568	(27,541,095)
Net increase in cash and cash equivalents		6,181,424	6,315,399
Cash and cash equivalents at beginning of year		4,580,747	(1,734,652)
Cash and cash equivalents at end of year	A	10,762,171	4,580,747

Consolidated Cash Flow Statement

For the year ended 31st December, 2000

NOTE	2000 RM	1999 RM
A. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Bank overdrafts (Note 13)	(2,150,082)	(2,687,320)
Deposits with licensed banks	10,376,442	5,968,175
Cash and bank balances	2,535,811	1,299,892
	10,762,171	4,580,747
B. ACQUISITION OF SUBSIDIARY COMPANY		
Cash & bank balances	6	4,488
Other creditors & accruals	-	(10,201)
Expenditure carried forward	-	5,715
Total purchase consideration	6	2
Less: MI	(3)	-
Cash & bank balance	(6)	(4,488)
Cash inflow on acquisition, net of cash & bank balance acquired	(3)	(4,486)
C. FIXED ASSETS		
During the financial year, the Group acquired the fixed assets by:		
Cash	253,507,979	281,300
Hire purchase	84,900	580,000
	253,592,879	861,300

Notes to the Accounts

For the year ended 31st December, 2000

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

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

The registered office is located at No. 14, Lorong Keluli 1C, Bukit Raja Industrial Estate, 40000 Shah Alam, Selangor Darul Ehsan.

The principal place at which business is carried on is located at No. 14, Lorong Keluli 1C, Bukit Raja Industrial Estate, 40000 Shah Alam, Selangor Darul Ehsan.

2. ACCOUNTING PRINCIPLES

a. Basis of Accounting

The accounts of the Company are prepared under the historical cost convention and comply with approved accounting standards issued by the Malaysian Accounting Standards Board in material respects.

b. Basis of Consolidation

The consolidated accounts include the accounts of the Company and its subsidiary companies made up to the end of the year. The results of subsidiary companies acquired during the year are included in the consolidated profit and loss account from the date of their acquisition except that acquisitions of subsidiary companies which meet the criteria for merger accounting under Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, are accounted for under that method.

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

Goodwill arising on consolidation represents the excess of the purchase price over the fair value of the net assets of subsidiary companies at the date of acquisition.

c. Associated Company

An associated company is a company in which the Group/Company has a long term equity interest of between 20% to 50% and where the Group/Company has representation on the Board and is in a position to exercise significant influence.

The Group's share of the results of associated company is included in the consolidated profit and loss account and the Group's share of post-acquisition retained profits and reserves is added to the cost of investment in the consolidated balance sheet.

d. Expenditure Carried Forward

All preliminary and pre-operating expenses are amortised over a period of 5 years from the date of commencement of operations.

e. Debtors

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

f. Depreciation

Fixed assets are depreciated on a straight line basis at rates calculated to write off the cost of the assets over their estimated useful lives after taking into account estimated residual value. The principal annual depreciation rates applied are as follows:

Vessels	18 to 25 years
Office & other equipment	20% - 25%
Motor vehicles	20%
Renovation	20%

g. Revenue Recognition

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 profit and loss account. For time charter contracts, revenue is recognised on time apportionment basis.

h. Vessel Maintenance Expenses

Provision is made for drydocking expenses in proportion to the period of the vessel's next drydocking cycle.

i. 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 profit and loss account.

j. Stocks

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

k. Deferred Taxation

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

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

l. Investments

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

m. Land and Development Expenditure

Land and development expenditure is stated at cost. Cost includes land cost, development expenditure and interest cost relating to the development.

n. Assets held under hire purchase

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

Outstanding obligation due under the hire purchase agreements after deducting finance expenses are included as liabilities in the accounts. The finance expenses of the hire purchase are charged to the profit and loss account 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. 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.

3. FIXED ASSETS

	As at 1.1.2000 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.2000 RM
GROUP				
2000				
COST				
Vessels	334,247,212	253,431,750	-	587,678,962
Office & other equipment	1,198,876	60,695	-	1,259,571
Motor vehicles	1,546,673	100,434	(74,547)	1,572,560
Renovation	387,594	-	-	387,594
	<u>337,380,355</u>	<u>253,592,879</u>	<u>(74,547)</u>	<u>590,898,687</u>
ACCUMULATED DEPRECIATION				
Vessels	50,069,609	16,584,007	-	66,653,616
Office & other equipment	790,146	202,308	-	992,454
Motor vehicles	602,964	246,089	(74,545)	774,508
Renovation	364,914	14,793	-	379,707
	<u>51,827,633</u>	<u>17,047,197</u>	<u>(74,545)</u>	<u>68,800,285</u>
				As at 31.12.2000 RM
NET BOOK VALUE				
Vessels				521,025,346
Office & other equipment				267,117
Motor vehicles				798,052
Renovation				7,887
				<u>522,098,402</u>

	As at 1.1.1999 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.1999 RM
1999				
COST				
Vessels	334,247,212	-	-	334,247,212
Office & other equipment	1,177,699	21,177	-	1,198,876
Motor vehicles	707,770	838,903	-	1,546,673
Renovation	386,374	1,220	-	387,594
	<u>336,519,055</u>	<u>861,300</u>	<u>-</u>	<u>337,380,355</u>

	As at 1.1.1999 RM	Charge for the year RM	Disposal/ Retirement RM	As at 31.12.1999 RM
ACCUMULATED DEPRECIATION				
Vessels	36,930,510	13,139,099	-	50,069,609
Office & other equipment	554,582	235,564	-	790,146
Motor vehicles	463,176	139,788	-	602,964
Renovation	297,218	67,696	-	364,914
	<u>38,245,486</u>	<u>13,582,147</u>	<u>-</u>	<u>51,827,633</u>

	As at 31.12.1999 RM
NET BOOK VALUE	
Vessels	284,177,603
Office & other equipment	408,730
Motor vehicles	943,709
Renovation	22,680
	<u>285,552,722</u>

	As at 1.1.2000 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.2000 RM
Company 2000				
COST				
Office equipment	631,598	48,344	-	679,942
Renovation	11,020	-	-	11,020
	<u>642,618</u>	<u>48,344</u>	<u>-</u>	<u>690,962</u>

	As at 1.1.2000 RM	Charge for the year RM	Disposal/ Retirement RM	As at 31.12.2000 RM
ACCUMULATED DEPRECIATION				
Office equipment	271,193	167,833	-	439,026
Renovation	4,517	2,204	-	6,721
	<u>275,710</u>	<u>170,037</u>	<u>-</u>	<u>445,747</u>

	As at 31.12.2000 RM
NET BOOK VALUE	
Office equipment	240,916
Renovation	4,299
	<u>245,215</u>

	As at 1.1.1999 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.1999 RM
1999				
COST				
Office equipment	613,486	18,112	-	631,598
Renovation	9,800	1,220	-	11,020
	<u>623,286</u>	<u>19,332</u>	<u>-</u>	<u>642,618</u>

	As at 1.1.1999 RM	Charge for the year RM	Disposal/ Retirement RM	As at 31.12.1999 RM
ACCUMULATED DEPRECIATION				
Office equipment	119,450	151,743	-	271,193
Renovation	2,007	2,510	-	4,517
	<u>121,457</u>	<u>154,253</u>	<u>-</u>	<u>275,710</u>

	As at 31.12.1999 RM
NET BOOK VALUE	
Office equipment	360,405
Renovation	6,503
	<u>366,908</u>

The vessels have been pledged to financial institutions for credit facilities granted to the Group (Note 12 & 13).

The cost of motor vehicles acquired under hire purchase agreements amounted to RM1,305,769 (1999: RM1,205,335).

4. LAND AND DEVELOPMENT EXPENDITURE

	2000 RM	Group 1999 RM
Land cost	5,005,482	4,780,354

Included in land cost is interest capitalised amounting to RM929,402 (1999: RM710,151).

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

5. EXPENDITURE CARRIED FORWARD

	2000 RM	Group 1999 RM	2000 RM	Company 1999 RM
Preliminary expenses	31,241	21,992	-	3,000
Pre-operating expenses	978,630	598,236	-	1,897
	1,009,871	620,228	-	4,897
Less: Accumulated amortisation	(359,021)	(351,653)	-	(4,897)
	650,850	268,575	-	.

6. SUBSIDIARY COMPANIES

	2000 RM	Company 1999 RM
Unquoted shares, at cost:		
- As at 1st January	16,911,949	16,911,947
- Addition during the year	5,491,000	2
- As at 31st December	22,402,949	16,911,949

6. SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

	Country of incorporation	Principal activities	Equity interest 2000	1999
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	76%	76%
Patriot Shipping Sdn. Bhd.	Malaysia	Shipowning	76%	76%
Splendid Shipping Sdn. Bhd.	Malaysia	Shipowning	60%	-
Sterling Shipping Sdn. Bhd.	Malaysia	Shipowning	60%	-
Polaris Shipping Sdn. Bhd.	Malaysia	Shipowning	51%	-
Prima Shipbrokers Sdn. Bhd.	Malaysia	Shipbroking & shipchartering	100%	100%
Prima Shipmanagement Sdn. Bhd.	Malaysia	Ship management services	100%	100%
Emerald Equity Sdn. Bhd.	Malaysia	Dormant	100%	100%
Meridian Tankers Sdn. Bhd.	Malaysia	Dormant	100%	100%
Prima Delima Sdn. Bhd.	Malaysia	Dormant	100%	100%

7. ASSOCIATED COMPANY

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Unquoted shares, at cost	8,878,000	8,878,000	8,878,000	8,878,000
Share of retained profits / (loss) of associated company	(320,992)	(330,493)	-	-
	8,557,008	8,547,507	8,878,000	8,878,000

Details of the associated company are as follows:

	Country of incorporation	Principal activities	Equity interest 2000	1999
Kemaman Heavy Industries Sdn. Bhd.	Malaysia	Dormant	48.15%	48.15%

8. INVESTMENT

	Group and Company 2000 RM	1999 RM
Unquoted shares, at cost	50,000	50,000

9. DEPOSITS WITH LICENSED BANKS

	2000 RM	Group 1999 RM
Deposits with licensed banks	10,376,442	5,968,175

Fixed deposits include an amount of RM203,549 (1999: RM203,549) which has been pledged to a bank as security for banking facility extended to a subsidiary company.

10. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

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

11. OTHER CREDITORS & ACCRUALS (GROUP)

Included in other creditors & accruals is an amount of RM259,984 (1999: RM34,612) due to a corporation in which certain directors have an interest.

12. LONG TERM LIABILITIES

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Hire purchase creditors	812,936	930,119	-	.
Less: Interest in suspense	(205,701)	(237,427)	-	.
	607,235	692,692	-	.
Payable within one year	(183,767)	(166,765)	-	.
Payable after one year	423,468	525,927	-	.
The breakdown of amount payable after one year is as follows:				
Between two to five years	423,468	525,927	-	.
Term loans	424,507,337	200,243,242	58,317,162	9,258,316
Payable within one year	(43,948,131)	(27,410,613)	(2,112,000)	(1,212,000)
Payable after one year	380,559,206	172,832,629	56,205,162	8,046,316
The breakdown of amount payable after one year is as follows:				
Between two to five years	251,667,308	137,053,065	28,298,000	6,060,000
After five years	128,891,898	35,779,564	27,907,162	1,986,316
	380,559,206	172,832,629	56,205,162	8,046,316
Loans from corporate shareholders of subsidiary company	30,511,800	8,821,200	-	.
	411,494,474	182,179,756	56,205,162	8,046,316

The term loans of the Company are repayable within a period of not more than 100 equal monthly instalments. Interest rate for the facilities vary between 8.18% to 8.80% (1999: 8.80% to 10.25%) per annum.

The term loans of the subsidiary companies are secured by way of charge over the Group's vessels (Note 3) and corporate guarantee of the holding company and are repayable by not more than 144 equal monthly instalments. The interest rates applicable range between 6.82% to 10.00% (1999: 5.74% to 11.70%) per annum.

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.

13. SHORT-TERM BORROWINGS

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Secured:				
- Bank overdrafts	-	405,399	-	-
Unsecured:				
- Bank overdrafts	2,150,082	2,281,921	2,150,082	2,281,921
	2,150,082	2,687,320	2,150,082	2,281,921

The facilities bear interest at rates ranging from 8.30% to 9.80% (1999: 9.68% to 14.05%) per annum.

14. SHARE CAPITAL

	Group and Company	
	2000	1999
	RM	RM
Ordinary shares of RM1 each		
Authorised:		
At 1st January	50,000,000	25,000,000
Created during the financial year	-	25,000,000
At 31st December	50,000,000	50,000,000
Issued and fully paid:		
At 1st January	20,136,000	19,999,000
Issued during the financial year	197,000	137,000
At 31st December	20,333,000	20,136,000

15. RESERVES

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Non-distributable:				
Share premium				
At 1st January	984,567	1,082,562	984,567	1,082,562
Premium arising from conversion of ICULS	429,460	298,660	429,460	298,660
ICULS 1999/2004 expenses written off	7,363	(396,655)	7,363	(396,655)
At 31st December	1,421,390	984,567	1,421,390	984,567
Distributable:				
Retained profits:				
At 1st January	41,921,651	32,969,789	12,818,662	9,643,553
Profit for the year (net of dividend)	10,988,091	8,951,862	17,936,498	3,175,109
At 31st December	52,909,742	41,921,651	30,755,160	12,818,662
Merger adjustment	(7,983,789)	(7,983,789)	-	-
	44,925,953	33,937,862	30,755,160	12,818,662
Total Reserves	46,347,343	34,922,429	32,176,550	13,803,229

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

16. 8% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 1999/2004 (ICULS)

	Group and Company	
	2000	1999
	RM	RM
At 1st January	19,862,000	19,999,000
Amount converted to ordinary shares during the financial year	(197,000)	(137,000)
At 31st December	19,665,000	19,862,000

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

- (a) The ICULS shall be convertible into fully paid ordinary shares of the Company during the period from 1st July, 1999 to the maturity date at 30th June, 2004 by either:

*Tendering RM3.18 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.

Utilisation of ICULS proceeds are as follows:

	1999 RM
Part settlement of term loans	19,000,000
ICULS expenses	703,340
Working capital	295,660
Total proceeds from issuance of ICULS	19,999,000

17. TURNOVER

Turnover for the Group comprises freight receivable from voyages, charter hire, demurrage charges, shipbroking commission and management fees from third parties.

Turnover for the Company represents management fees and dividends received and receivable from subsidiary companies.

18. PROFIT BEFORE TAXATION

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Profit before taxation is arrived at after charging:				
Auditors' remuneration:				
- Current year's provision	55,500	40,500	4,000	4,000
- Underprovision in prior year	1,000	-	1,000	-
Loss on foreign exchange	17,829	5,951	-	2
Management fee	1,012,513	757,486	-	-
Depreciation of fixed assets	17,047,197	13,582,147	170,037	154,253
Directors' fees	60,000	60,000	60,000	60,000
Directors' remuneration:				
- Other emoluments	575,314	634,000	-	-
Deferred expenditure carried forward written off	123,863	148,570	-	979
Rental of premises	244,744	225,544	-	-
Staff costs	1,640,410	1,455,728	335,533	272,900
Finance costs:				
- Hire purchase interest	56,771	31,121	-	-
- Overdraft interest	68,526	323,020	64,707	282,764
- Term loan interest	21,311,806	16,691,450	1,896,429	1,976,203
- ICULS 8% interest	1,566,680	794,480	1,566,680	794,480
Provision for drydocking expenses	2,818,517	3,263,937	-	-
and crediting:				
Compensation received	331,778	-	-	-
Gain on foreign exchange	81,672	102,338	410	-
Gain on disposal of fixed asset	20,999	-	-	-
Interest received	460,288	296,619	34,715	33,722
Other non-operating income	5,130	5,130	-	-

The total number of employees of the Company (including directors) at the financial year end were 6 (1999: 7).

19. TAXATION

	2000 RM	Group 1999 RM
Current year's tax charge	129,400	-
Underprovision in prior year	751	8,728
	130,151	8,728
Share of tax of an associated company	10,958	(255)
	141,109	8,473

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.

20. DIVIDEND

	Group and Company 2000 RM	1999 RM
Proposed first and final tax exempt dividend of 3% (1999: First and final tax exempt dividend of 7%)	609,990	1,409,520
Final - Previous year: Increase in dividend paid as a result of 173,000 ICULS converted to ordinary shares	12,110	-
	622,100	1,409,520

21. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group profit after taxation and minority interests of RM11,610,191 (1999: RM10,361,382) by the weighted average number of shares issued during the year of 20,285,863 (1999: 20,122,435).

The fully diluted earnings per share has been calculated based on the adjusted profit after taxation and minority interest of RM16,784,446 (1999: RM12,975,045) and on the adjusted weighted number of shares issued and issueable for the year of 39,950,863 (1999: 30,055,499).

The assumptions are:

- The 19,665,000 ICULS as at 31st December, 2000 have been converted to ordinary shares on 1st January, 2000 by surrendering one ICULS plus cash of RM2.18 for one ordinary share.
- The proceeds received from the above transaction were utilised to repay the Group outstanding term loans.

22. SIGNIFICANT INTER-COMPANY TRANSACTIONS

	2000 RM	Company 1999 RM
Management fees received from subsidiary companies	288,000	288,000

23. AGENCY FEE

Included in the profit and loss account is a sum of RM47,735 (1999: RM83,144) being agency fee paid to a corporation in which certain directors have an interest.

24. MANAGEMENT FEE

Included in the profit and loss account is a sum of RM120,000 (1999: Nil) being management fee paid to a corporation in which certain directors have an interest.

25. SEGMENTAL ANALYSIS

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

26. CONTINGENT LIABILITIES

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

	Limit RM	Exposure at 31.12.2000 RM
OHM Bulk Services Sdn. Bhd.	5,000,000	2,831,878
AHS Marine Sdn. Bhd.	16,000,000	6,916,525
OHM Tankers Sdn. Bhd.	19,550,000	3,750,057
Jubilee Shipping Sdn. Bhd.	77,000,000	74,480,000
Patriot Shipping Sdn. Bhd.	77,000,000	74,480,000
Prima Shipbrokers Sdn. Bhd.	500,000	-
Prima Delima Sdn. Bhd.	3,100,000	2,403,250
Splendid Shipping Sdn. Bhd.	39,763,200	38,520,600
Sterling Shipping Sdn. Bhd.	39,763,200	38,520,600
Polaris Shipping Sdn. Bhd.	37,209,600	37,209,600

27. MATERIAL LITIGATION

Kemaman Heavy Industries Sdn Bhd ("KHI"), a 48.15% owned associated company of Halim Mazmin Berhad("HMB") is involved in litigation as defendant for a liquidated sum of RM1,581,821.39 on an alleged contract for services. The solicitors of KHI 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 HMB 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 HMB.

28. CURRENCY

All amounts are stated in Ringgit Malaysia unless otherwise stated.

29. COMPARATIVES

The presentation of the accounts for the current year is changed to adopt the format as prescribed in Malaysian Accounting Standards Board (MASB) Standard No.1 Presentation of Financial Statements. Comparative figures are reclassified to conform with this presentation, where necessary.

Analysis of Shareholdings

As at 15 March, 2001

Authorised Share Capital	:	RM50,000,000
Issued and Fully Paid-Up Capital	:	RM20,333,000
Class of Share	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Range (No. of Shares)	No. of Shareholders	% of Shareholders	No of Shares	% of Shares
1 - 1,000	293	51.59	293,000	1.44
1,001 - 5,000	173	30.46	483,000	2.38
5,001 - 10,000	32	5.63	261,000	1.28
10,001 and above	70	12.32	19,296,000	94.90
TOTAL	568	100.00	20,333,000	100.00

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of shares	Percentage of total shares
1. Tan Sri Dato' Halim Bin Mohammad	6,827,000	33.58
2. Puan Sri Datin Mazmin Binti Noordin	3,081,000	15.15
3. Mayban Securities Nominees (Tempatan) Sdn. Bhd. - Tan Sri Dato' Halim Bin Mohammad	1,749,000	8.60
4. Donatian Felix Dorairaj	950,000	4.67
5. RHB Nominees (Asing) Sdn. Bhd. - Kripalson International Ltd	726,000	3.57
6. RHB Capital Nominees (Tempatan) Sdn. Bhd. - Tan Sri Dato' Halim Bin Mohammad	700,000	3.44
7. HSBC Nominees (Tempatan) Sdn. Bhd. - HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	514,000	2.53
8. Employees Provident Fund Board	458,000	2.25
9. Restu Capital Sdn. Bhd.	350,000	1.72
10. Cartaban Nominees (Asing) Sdn. Bhd. - Credit Suisse Singapore for Fresa Overseas Limited	313,000	1.54
11. Mohd Tahale B Selamat @ Hussain Bin Selamat	312,000	1.53
12. Aqua Guard Sdn. Bhd.	300,000	1.48
13. Bumiputra-Commerce Trustee Berhad - ASM First Public Fund	270,000	1.33
14. Bukit Mesra Sdn. Bhd.	230,000	1.13
15. Low Boon Wah @ Lawrence Low	186,000	0.91
16. Radziah Binte Abdul Majid	183,000	0.90
17. Hans Nikolaus Schues	167,000	0.82
18. Bumiputra-Commerce Trustee Berhad - Amanah Saham Darul Iman	160,000	0.79
19. Suresh Emmanuel Abishegam	108,000	0.53
20. Chin Ah Ching	106,000	0.52
TOTAL	17,690,000	86.99

SUBSTANTIAL SHAREHOLDERS

Name	No. of shares	Percentage of total shares
Tan Sri Dato' Halim Bin Mohammad	9,276,000	45.62
Puan Sri Datin Mazmin Binti Noordin	3,081,000	15.15
Donatian Felix Dorairaj	950,000	4.67
Kripalson International Ltd	726,000	3.57
Amanah Saham Sarawak	514,000	2.53
Employees Provident Fund Board	458,000	2.25

TERMS OF REFERENCE

1. Composition

The Board of Directors shall elect an Audit Committee from amongst themselves (pursuant to a resolution of the Board of Directors) comprising of not less than three (3) members where the majority of them shall be independent non-executive members of the Board.

The members of the Audit Committee shall elect a Chairman from amongst themselves.

All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Audit Committee cease to be a Director of the Company, his membership in the Audit Committee would cease forthwith.

If the members of the Audit Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of that event, appoint such number of the new members as may be required to make up the minimum number of three (3) members.

2. Objectives

The primary objectives of the Audit Committee are:

- a. To provide assistance to the Board in fulfilling its fiduciary responsibilities particularly relating to business ethics, policies and practices and financial management and control.
- b. To provide greater emphasis on the audit functions by increasing the objectivity and independence of external and internal auditors and providing a forum for discussion that is independent of the management.
- c. To maintain through regularly scheduled meetings a direct line of communication between the Board and the external auditors, internal auditors and financial management.

3. Duties and responsibilities

The duties and responsibilities of the Audit Committee shall be:

- a. To consider the appointment of the external auditors, audit fee and any questions of resignation or dismissal.
- b. To discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.
- c. To review the half-year and annual financial statements

before submission to the board, focusing particularly on:

- i. any changes in accounting policies and practices
 - ii. major judgemental areas
 - iii. significant adjustments resulting from the audit
 - iv. the going concern assumption
 - v. compliance with accounting standards
 - vi. compliance with the stock exchange and legal requirements
- d. To discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary).
 - e. To review the internal audit programme, consider the major findings of internal audit investigations and management's response, and ensure co-ordination between the internal and external auditors.
 - f. To keep under review the effectiveness of the internal control systems, and in particular review the external auditor's management letter and management's response.
 - g. To carry out such other functions as may be agreed to by the Audit Committee and the Board of Directors.

4. Authority

The Committee is authorised by the Board to investigate any activity within the terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is empowered by the Board to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.

5. Meeting and Minutes

The Audit Committee shall not hold less than three (3) meetings a year and the quorum for each meeting shall be two (2) members.

Minutes of each meeting shall be kept and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on each meeting to the Board.

The Company Secretary shall act as the Secretary to the Audit Committee.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at CITITEL-Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Friday, 11 May 2001 at 3.30 p.m. for the following purposes:

AGENDA

1. To receive and adopt the audited accounts for the year ended 31 December 2000 and the reports of the Directors and the Auditors thereon.

Resolution 1

2. To approve the payment of a First and Final tax exempt Dividend of 3% per ordinary share of RM1.00 each in respect of the year ended 31 December 2000.

Resolution 2

3. To approve the payment of Directors' fees of RM60,000 in respect of the year ended 31 December 2000.

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 70 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 86 of the Company's Articles of Association, and being eligible, offers himself for re-election.

Resolution 5

6. To re-appoint Messrs Ong & Wong as Auditors and to authorise the Board of Directors to fix their remuneration.

Resolution 6

7. **Special Business**

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

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 / 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 Annual General Meeting of the Company ."

Resolution 7

8. 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)

Lim Huey Feng
(MAICSA 7015247)
Company Secretaries

17 April 2001

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of the shareholders, a First and Final Tax Exempt Dividend of 3% for the year ended 31 December 2000 will be paid on 15 June 2001 to Depositors registered in the Record of Depositors at the close of business at 5.00 p.m. on 17 May 2001.

A depositor shall qualify for entitlement only in respect of :

- (a) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 17 May 2001, in respect of ordinary transfers; and
- (b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

Notes:-

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

Explanatory Notes to Ordinary Resolution No. 7 under Special Business:

The effect of the resolution under item 7 of the agenda, if passed, will give the flexibility and authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares in the Company up to and not exceeding in total ten per cent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.



Proxy Form

No. of shares held

I / We

of

being a member / members of HALIM MAZMIN BERHAD hereby appoint

of.....

or failing him / her, the Chairman of the meeting as my / our proxy to vote for me / us on my / our behalf, at the Sixth Annual General Meeting of the Company to be held at CITITEL-Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Friday, 11 May 2001 at 3.30 p.m. or at any adjournment thereof in respect of my / our holding of shares in the manner indicated below :-

	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		

Please indicate with a cross (x) in the space provided whether you wish your votes to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Signature of shareholder (s)

Signed this day of 2001

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.
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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.



