

## 1) ACCOUNTING POLICIES

The consistent accounting policies and methods of computation used in the preparation of the Group's Annual Financial Statements for the year ended 31 March 2001 have been applied in the preparation of the quarterly financial statements.

## 2) EXCEPTIONAL ITEMS

There are no exceptional items during the current financial year to date.

## 3) EXTRAORDINARY ITEMS

There are no extraordinary items during the current financial year to date.

## 4) TAXATION

	Jul 01-Sept 01 RM '000	Apr 01-Sept 01 RM '000
Taxation for the period comprises the following charge/(credit)		
Income tax charge/(credit)		
- current period	4,886	10,170
- prior year	(160)	(842)
Deferred taxation	-	137
	<u>4,726</u>	<u>9,465</u>

The income of the Group that is 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 for the Group is attributable to tax in respect of other activities of the Group.

## 5) PROFITS ON SALE OF INVESTMENTS AND/OR PROPERTIES

There are no sales of investments and/or properties for the current financial year to date.

## 6) PURCHASES AND SALES OF QUOTED SECURITIES

a) There are no purchases and sales of quoted securities for the current financial year to date.

b) Investments in quoted securities as at 30 September 2001 are as follows:-

Marketable Securities	RM '000
At cost	17,877
At carrying value	12,674
At market value	12,291
Other Investments (Long Term)	RM '000
At cost	146,079
At carrying value	146,079
At market value	181,858

## 7) CHANGES IN THE COMPOSITION OF THE GROUP

None

## 8) STATUS OF CORPORATE PROPOSALS

None

## 9) ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

a) During the current financial year to 30 September 2001, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares.

b) During the quarter, the Corporation duly redeemed on 22 August 2001 a commercial paper (CP) with a nominal value of RM 51 million issued on 22 August 2000. This CP is one of the three CPs issued under the Islamic PDS facility agreement entered into in June 2000. The other two CPs were duly redeemed upon maturity earlier.

## 10) GROUP BORROWINGS

a) The tenure of Group borrowings as at 30 September 2001 classified as short and long term as well as secured and unsecured categories is as follows :-

	RM '000
Short Term Borrowings	
Secured	96,548
Unsecured	<u>902,909</u>
	<u>999,457</u>
Long Term Borrowings	
Secured	442,693
Unsecured	<u>3,394,579</u>
	<u>3,837,272</u>
Total	<u>4,836,729</u>

b) Foreign borrowings in Ringgit Malaysia equivalent as at 30 September 2001 are as follows :-

	RM '000
US Dollars	4,010,277

## 11) CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following :-

	RM '000
Letters of guarantee issued in respect of banking facilities extended to third party agents	5,347

## 12) OFF BALANCE SHEET FINANCIAL INSTRUMENTS

A subsidiary company that was acquired in 1998 has interest rate swap contracts to convert a portion of its floating rate interest obligations. Under these interest rate swap contracts, the subsidiary company concerned agreed with the counterparties to receive interest at floating rates and to pay interest at a fixed rate of 7.0% per annum, calculated on the notional principal of USD 130,000,000 (RM 494,000,000). The average floating interest rate on these contracts during the quarter was 3.7% per annum (financial year ended 31 March 2001: 6.6% per annum). These interest rate swap agreements expire in year 2005.

The interest rate swap contracts are secured by a counter-guarantee from certain subsidiary companies and mortgaged on the vessels of these subsidiary companies.

The estimated fair value of the interest rate swap contracts currently is USD 14,457,000 (RM 54,937,000) and represents the amount the Group would have to pay to terminate the contracts.

## 13) MATERIAL LITIGATION

There is no material litigation involving the Group.

## 14) SEGMENT REPORT

Segmental analysis for the current financial year to date is as follows:

	Revenue	Profit/(Loss) from ordinary activities before tax	Total Assets
	RM '000	RM '000	RM '000
Shipping	1,805,853	667,488	12,357,050
Integrated Liner Logistics	1,041,127	(24,114)	2,320,478
Non-shipping	453,198	9,430	328,582
Sub total	<u>3,300,178</u>	<u>652,804</u>	<u>15,006,110</u>
Less: Associated Companies	489,983	-	-
Group	<u>2,810,195</u>	<u>652,804</u>	<u>15,006,110</u>

15) COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group Profit Before Tax (PBT) which was lower by 12.0% than the preceding quarter was brought about by lower contribution mainly from Petroleum, Bulk and Chemical businesses. This was however partly mitigated by improved performances from LNG and Liner Logistics.

16) REVIEW OF PERFORMANCE

The Group business has not been spared from the effects of the slowdown of the global economy. The 11 September 2001 incidents in the USA and subsequent events have also further aggravated the situation. These events coupled with falling freight rates and overcapacity resulted in the second quarter Group performance being 16.5% lower than that of the previous financial period.

17) SUBSEQUENT MATERIAL EVENT

None

18) SEASONALITY OR CYCLICALITY OF OPERATIONS

Except for LNG transportation business, other businesses of the Group are influenced by market fluctuations.

19) CURRENT YEAR PROSPECTS

The continuous slowdown of the global economy, overcapacity and intense competition will drive down rates further. The uncertainty arising from subsequent events following the 11 September 2001 incidents will have a further impact on the performance of the Group.

20) VARIANCE OF FORECAST PROFIT/PROFIT GUARANTEE

None

21) DIVIDENDS

The Board of Directors has declared an interim dividend of 15 sen per share tax exempt (2000 : 10 sen) in respect of the 2001/2002 financial year, amounting to RM 279.0 million (2000 : RM 186.0 million). The proposed dividend will be paid on 30 January 2002 to shareholders registered at the close of business on 3 January 2002. The Register of Members will be closed from 4 January 2002 to 11 January 2002 (both dates inclusive) for the purpose of determining shareholders' entitlement to the dividend. A depositor shall qualify for entitlement only in respect of:

- a) Shares transferred into the depositor's securities account before 12.30 pm on 3 January 2002 in respect of ordinary share transfer.
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.