HUBLine

Hubline Berhad

ANNUAL REPORT 2006

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-First Annual General Meeting of HUBLine Berhad will be held at Dewan Perpaduan II, 1st Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg 93000 Kuching, Sarawak, on Tuesday, 27th March 2007 at 11:00 a.m. for the following purposes :-

ORDINARY BUSINESS

1 To receive and adopt the Report of the Directors and the Audited Statement of Accounts for the year ended 30 September, 2006 and the Report of the Auditors thereon. **Ordinary Resolution 1**

2. To declare a first and final tax exempt dividend of 3 sen per share for the year ended 30 September 2006. **Ordinary Resolution 2**

3 To re-elect the following directors, who are retiring in accordance with Article 71 of the Articles of Association of the Company and are offering themselves for re-election :-

(i) Mr Ling Li Kuang **Ordinary Resolution 3**
(ii) Encik Ibrahim Bin Baki **Ordinary Resolution 4**

4 To approve Directors' fees for the financial year ended 30 September, 2006. **Ordinary Resolution 5**

5 To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business to consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

6 AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965. **Ordinary Resolution 7**

"That pursuant to Section 132D of the Companies Act, 1965 approval be and is hereby given to the Directors to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten (10) per cent of the issued share capital of the Company for the time being, subject always to the approval of the relevant regulatory authorities being obtained for such allotment and issue."

7 PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE OF OWN SHARES BY THE COMPANY ("Proposal") **Ordinary Resolution 8**

"THAT subject to the Companies Act, 1965("ACT"), the Company's Memorandum and Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares of RM 1.00 each in the Company ("Hubline Shares") as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased pursuant to this resolution representing up to 10% of the total issued and paid-up share capital of the Company;

THAT an amount not exceeding the share premium of RM66,845,342 of the Company based on the audited accounts for the financial year ended 30 September 2006 , be allocated by the Company for the Proposal;

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any Hubline Shares so purchased by the Company in the following manners:-

(i) the Hubline Shares so purchased could be cancelled; or

Notice of Annual General Meeting [contd.]

(ii) the Hubline Shares so purchased could be retained as treasury shares for distribution as share dividend to the shareholders of Hubline and/or be resold through Bursa Malaysia and/or be cancelled subsequently; or
(iii) the Hubline Shares so purchased could be in part be retained as treasury shares, in part be sold and in part be cancelled.

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:

(i) the conclusion of the next Annual General Meeting, 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 Annual General Meeting of the Company after that date is required by law to be held; or
(iii) revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting; whichever occurs first;

AND THAT the Directors of the Company be and hereby authorised to take such steps to give full effect to the Proposal with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to all acts and things as the Directors may deemed fit and expedient in the best interest of the Company."

NOTICE OF DIVIDEND PAYMENT

Notice is hereby given that the first and final tax exempt dividend of 3 sen per share for the year ended 30 September 2006, if approved at the above Annual General Meeting, will be paid on 30 April 2007 to Depositors whose names appear in the Record of Depositors on 5 April 2007.

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 5 April 2007 in respect of transfers;

b) Shares bought on Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

By order of the Board,

Yeo Puay Huang
Secretary

Dated : 5th March 2007

Explanatory Notes to Special Business

In line with the Company's plan for expansion/diversification, the Company is actively looking into prospective areas so as to broaden the operating base and earning potential of the Company. As the expansion/diversification may involve the issue of new shares, the Directors, under present circumstances, would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued capital. In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be now empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued 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 next Annual General Meeting of the Company.

The explanation notes on Resolution 8 is set out in the Circular to Shareholders enclosed with this Annual Report.

Notice of Annual General Meeting [contd.]

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/her place. A proxy need not be a member of the Company. Where a holder appoints two or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

2. A corporation which is a member may by resolution of its directors authorise such person as it thinks fit to act as its representative at the meeting pursuant to Section 147 of the Companies Act, 1965.

3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney, and the person so appointed may attend and vote at the meeting at which the appointer is entitled to vote.

4. The instrument appointing a proxy or representative must be deposited at the registered office, Sama Jaya Free Industrial Zone, Plot 9, Block 12, Off Jalan Setia Raja, P. O. Box A893, 93818 Kuching, Sarawak, not less than forty-eight (48) hours before the time for holding the meeting.

Statement Accompanying Notice of Annual General Meeting

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

a) Mr Dennis Ling Li Kuang - Article 71
b) Encik Ibrahim Bin Baki - Article 71

The details of the two directors seeking re-election are set out in their respective profiles which appear on pages 9 and 10.

2. Board Meetings held during the financial year ended 30 September 2006

The Board sat 5 times during the financial year to review and monitor the development of the Group. The details of the attendance of each member of the Board are tabulated below:

	Director	**Period of Directorship**	***No. of Meetings Attended***
1	Richard Wee Liang Huat @ Richard Wee Liang Chiat	01/10/2005 – 30/09/2006	5 / 5
2	Dennis Ling Li Kuang	01/10/2005 – 30/09/2006	5 / 5
3	Ibrahim Bin Baki	01/10/2005 – 30/09/2006	5 / 5
4	Katrina Ling Shiek Ngee	01/10/2005 – 30/09/2006	5 / 5
5	Awang Mohidin Awang Saman	01/10/2005 – 30/09/2006	5 / 5
6	Ms Lau Swee Eng	01/10/2005 – 30/09/2006	5 / 5

3. The place, date and hour of the Annual General Meeting:

Dewan Perpaduan II, 1st Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg, 93000 Kuching, Sarawak
27 March, 2007 at 11.00 a.m.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of Hubline Berhad ("the Group") for the financial year ended 30 September 2006.

I am pleased to report that Hubline has delivered another year of profitability and growth despite concerns of potential over-supply in capacities following the deliveries of new built mega size vessels in the shipping industry and slight softening in rates in the freight and charter hire markets .

FINANCIAL PERFORMANCE

For the year under review, the Group operated with fewer vessels after having disposed off 4 of our vessels in 2005. As a result, the Group registered a lower revenue of RM 387 million compared with RM 414 million achieved in the previous financial year. There was an exceptional gain of about RM 8.9 million from disposal of vessels in the preceding year and none in the current financial year which explains the lower net pre-tax profit recorded of RM24 million vis-à-vis RM46 million previously, besides lower contribution from associated companies as a result of scheduled dry docking of the associated companies' vessels.

OPERATIONS OVERVIEW

The 2006 was another satisfactory year for the container shipping industry, although initially in the earlier part of the year sentiments was bearish in reaction to over-supply concerns and worries of global slowdown in demand. However, global demand remains strong and in the intra-Asian region where the Group operates, the container shipping industry remains positive as trade movements remains strong in China and India.

Taking advantage of operating in strong trade growth environment, the Group continued its focus on its business strategy of operating in niche markets in the intra-Asian region. Coupled with Group's continued efforts on increased operational efficiency through scheduling its trade routes to achieve optimal capacity utilisation, we are able to maintain our profit track record. During the year under review, we continued to exercise high standards in fleet management to ensure that all our vessels' conditions and performance efficiency are at optimal operating standards and complying with class standards at all times.

CORPORATE DEVELOPMENT

On 31 January 2007, the Group signed conditional agreements to acquire a 50.23% stake in Highline Shipping Sdn Bhd ("Highline Shipping") for RM 86.6 million. Highline Shipping is engaged in dry-bulk cargo shipping and sale and hire of heavy equipment. Highline Shipping presently owns and operates a fleet of 15 sets of tug boats and barges plying the Intra-Asian routes carrying cargoes such as iron ore, coal, gypsum, heavy machinery and equipment amongst others. The proposed acquisition, expected to be completed by first quarter of 2007, is subject to approvals by shareholders and the relevant authority.

DIVIDENDS

Based on the satisfactory performance of the Group for the financial year ended 30th September 2006, the Board has recommended a final tax-exempt dividend of 3 sen per ordinary share.

PROSPECTS

The demand-driven global economic growth has remained strong in 2006 and is expected to continue into the next financial year. The robust growth in China and India is expected to continue to play a major role in fuelling trade growth in the inter-Asian region. Consequently, barring unforeseen circumstances, the outlook for shipping business is expected to remain positive with freight rates remain relatively firm.

We remain focused in providing efficient services to niche markets in the intra-Asian regions. We will continue to focus and expand our services to niche markets and maintain efficient vessel deployment to profitable routes. The Management is continuously monitoring the cost structure closely and implementing measures to improve operational efficiencies to stay competitive.

Chairman's Statement [contd.]

The proposed acquisition of Highline is expected to contribute favourably to the Group's activities as the demand for Hjghline Shipping's dry bulk transportation is expected to be strong given its operations mainly in the Asian region where trade growth continues to be robust, supported by rising imports and exports and rising consumption. The proposed acquisition thus augurs well for the Group as Highline's operations as a bulk shipper will not only complement and provide diversity to the Group's container-shipping business but also enlarge and diversify the earning base of the Group.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend my deepest appreciation to the Management and all employees of Hubline, both on-shore and on board our vessels for their dedication and commitment in their work. My thanks also go to our valued customers, our shareholders, Government agencies, bankers and business associates for their cooperation and continuing support.

Lastly, I wish to extend sincere appreciation to my fellow Board members for their guidance and contribution to Hubline.

Richard Wee Liang Chiat
Chairman

Corporate Information

BOARD OF DIRECTORS

Richard Wee Liang Huat @ Richard Wee Liang Chiat
Chairman
(Non-Independent Non-Executive)

Dennis Ling Li Kuang
Group Managing Director

Christine Lau Swee Eng
Non-Independent Non-Executive Director

Ibrahim Bin Baki
Independent Non-Executive Director

Katrina Ling Shiek Ngee
Non-Independent Non-Executive Director

Haji Awang Mohidin Bin Awang Saman
Independent Non-Executive Director

Ernest Ho Keng Seng
Alternate Director to Mr Richard Wee

COMPANY SECRETARY

Yeo Puay Huang
(LS 000577)

AUDIT COMMITTEE

Ibrahim Bin Baki
Chairman
Independent Non-Executive Director

Haji Awang Mohidin Bin Awang Saman
Member
Independent Non-Executive Director

Dennis Ling Li Kuang
Member
Group Managing Director
Member of MIA

AUDITORS

Ernst & Young

REGISTERED OFFICE

Sama Jaya Free Industrial Zone
Plot 9, Block 12
Off Jalan Setia Raja
P O Box A893
93818 Kuching, Sarawak
Tel : 6082-363999 Fax : 6082-363819

REGISTRAR AND TRANSFER OFFICE

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 03-20849000 Fax : 03-20949940

LISTING

Main Board of Bursa Malaysia Securities Berhad

PRINCIPAL BANKERS

Affin Investment Bank Berhad

Bank Muamalat Malaysia Berhad

CIMB Bank Berhad

EON Bank Berhad

Hong Leong Bank Berhad

HSBC Bank Malaysia Berhad

RHB Bank Berhad

Corporate Structure As at 23 February 2007

HUBLINE BERHAD

- EM Line Sdn Bhd 100%
- EM Carriers Sdn Bhd 100%
- EM Shipping Sdn Bhd 100%
- EM Container Line Sdn Bhd 100%
- Premier Spectrum Sdn Bhd 100%
- Hub Shipping Sdn Bhd 100%
- Wonder Link Sdn Bhd 100%
  - Hub Marine Pte Ltd 100%
- Hub Fleet Sdn Bhd 100%
- Hub Explorer Sdn Bhd 100%
- Hub Warrior Sdn Bhd 100%
- Hub Continental Shipping Sdn Bhd 100%
- Chatlink Sdn Bhd 100%
- Patimico Sdn Bhd 100%
- Ozlink Sdn Bhd 100%
- Malaform Sdn Bhd 100%
- Whittler Company Ltd 100%
  - Bangpakong Terminal Public Company Ltd 20.55%
    - 55.90%
  - Platinum Container Lines Company Ltd 44.10%
- Grand Dragon Overseas Ltd 100%

Directors' Profile

Mr Richard Wee Liang Huat @ Richard Wee Liang Chiat

Non-Independent Non-Executive Chairman

Malaysian, aged 48, was appointed to the Board since 1986. He obtained a Diploma in Management Development from Asian Institute of Management, Manila, Philippines in 1981 and is a member of the Malaysian Institute of Management since 1985. Since joining the Company in 1981 as Acting General Manager, he has been actively involved in the Group's affairs which include the overall sales, operations, finance and administration. He is also the director to Tai Sin Electric Cable Manufacturer Ltd., which is listed on the Stock Exchange of Singapore Dealing and Automated Quotation System.

Mr Richard Wee is the brother-in-law of Mr Ernest Ho

Mr Dennis Ling Li Kuang

Group Managing Director

Malaysian, aged 54. Mr Dennis Ling is a Chartered Accountant by profession and was appointed to Hubline Berhad on 13th February, 2001. He graduated with Bachelor of Commerce Degree from University of Wollongong in New South Wales, Australia in 1976 and is associated member of Institute of Chartered Accountants in Australia.

He was a partner of Arthur Andersen Worldwide from 1984 to 1997. Over the past 28 years, he has gained extensive experience and exposure in financial and commercial sectors from which he draws to manage the Wonder Link Group ("WL Group") which is wholly owned subsidiary of Hubline Berhad. The principal activity of WL Group is the provision of Marine Cargo handling and shipping services under the trade name "HUBLine".

Mr Dennis Ling also sits on the Board of Bangpakong Terminal Public Company Ltd. which is an associated company of Hubline Berhad and listed on the Stock Exchange of Thailand. He also sits on the Board of many non-listed companies as non executive directors. He is a member of the audit committee.

Mr Dennis Ling is the husband of Ms Christine Lau Swee Eng and father of Ms Katrina Ling Shiek Ngee

Ms Christine Lau Swee Eng

Non-Independent Non-Executive Director

Malaysian, aged 52, was appointed to the Board on 16 June 2005. Ms Christine Lau Swee Eng obtained her Diploma in Business Studies from Department of Technical Education, New South Wales, Australia in 1977. She joined HUBLine in 1996 and is the General Manager of Hub Shipping Sdn. Bhd. in charge of Agencies and Human Resources. Berfore joining Hub Shipping, she had been involved in travel industry and property development in Australia.

Ms Christine Lau is the wife of Mr Dennis Ling and mother of Ms Katrina Ling.

Directors' Profile [contd.]

Encik Ibrahim Bin Baki

Independent Non-Executive Director

Malaysian, aged 47, was appointed to the Board on 2 December 1996. He holds an Honour Degree in Law. He is a Barrister-At-Law having been called to the English Bar, and he is a member of Lincoln's Inn. His business activities include hotel development and management, property development, manufacturing involving woodbase, steel and plastic products, warehousing, civil, electrical and telecommunication contractor and the franchising and services sectors. Presently, he sits on the Investment Board for Dewan Usahawan Bumiputera Sarawak. He is the Chairman of the Audit Committee and member of the Nomination and Remuneration Committees.

Ms Katrina Ling Shiek Ngee

Non-Independent Non-Executive Director

Malaysian, aged 28, a Chartered Accountant, was appointed to Board on 13 February, 2001. She graduated with a Bachelor of Commerce (Accounting and Finance) from Monash University Melbourne, Australia in 1999 and is an associate member of the Institute of Chartered Accountants in Australia. She currently works in a public accountant firm and she also sits on the Board of several private companies. She is a member of the Nomination and Remuneration Committees.

Ms Katrina Ling is the daughter of Mr Dennis Ling and Ms Christine Lau Swee Eng.

Haji Awang Mohidin Bin Awang Saman

Independent Non-Executive Director

Malaysian, aged 64, was appointed to the Board on 14 June 2004. He obtained a Diploma in Public and Social Administration from the Victoria University of Manchester, United Kingdom and Diploma in Port Development and Administration from the University of New Orleans, United States of America and also a member of the British Institute of Management. He was an independent and non-executive director in Foreswood Group Berhad from 1 September 1996 to 14 April 2004. He was in Government service for many years and prior to his retirement, he was General Manager of Rajang Port Authority. He is the Chairman of the Nomination and Remuneration Committees and member of the Audit Committee.

Mr Ernest Ho Keng Seng

Alternate to Mr Richard Wee

Malaysian, aged 57, was the founding member of Hubline Berhad since its formation in 1975. He was appointed to the Board as non-executive director on 30 November 1976. He resigned and was appointed as Alternate Director to Mr Richard Wee on 16 June 2005.

Mr Ernest Ho is the brother-in-law of Mr Richard Wee.

Note:

a) None of the Directors has any conflict of interest with the Company and none of the Directors has any convictions for offences within the past 10 years other than traffic offences.

b) None of the Directors has any shares in the subsidiaries of Hubline Berhad.

c) Please refer to page 60 for shareholdings of the directors in Hubline.

Statement on Corporate Governance & Other Disclosures

The Board of Directors of Hubline Berhad fully subscribes to the recommendations of the Malaysian Code on Corporate Governance ('Code') and strive to achieve the Principles and Best Practices recommended in the Code.

The Board is committed to ensuring that good corporate governance practices are applied throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and financial performance.

Set out below is a statement on how the Company has applied the principles and complied with the best practices set out in Part1 and 2 of the Code.

A. THE BOARD OF DIRECTORS

(i) Duties

The Board of Directors of Hubline Berhad takes full responsibility for the performance of the Group. The Board guides the Company on its short and long term goals, providing advice and directions on management and business development issues while providing balance to the management of the Company.

The Board is responsible for the following:-

- Reviewing and adopting a strategic plan for the Group.
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed.
- Identify principal risk and ensure the implementation of appropriate systems to manage these risks
- Developing and implementing an investor relations programme or shareholder communications policy for the Company;
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

(ii) Composition

For the financial year ended 30 September 2006, the Board has 6 members comprising:

- 1 non-executive non-independent Chairman
- 1 Managing Director
- 2 non-independent non-executive Directors
- 2 independent non-executive Directors

The composition of the Board reflects a balance of Executive, Non- executive and independent Directors with a good mix of professionals in the fields of political science, management, administration, finance and accounting and together they bring a balance of skills and a wealth of experience to effectively lead and control the Company. The presence of the two Independent Non-Executive Directors fulfill a pivotal role in corporate accountability as they provide unbiased and independent judgement, advice and views. In view of this, the Board is of the opinion that there is no necessity to nominate a Senior Independent Non-Executive Director. The profile of all the directors is set out on pages 9 and 10 of this annual report.

(iii) Supply of Information

The Board members were presented with comprehensive information concerning the performance and financial status of the Company at the Board Meetings. Each Director was provided with the agenda and a full set of the Board papers prior to each Board Meeting with the aim of enabling the Directors to make fully informed decision at the Board Meetings.

The Board members have access to the advice and services of the Company Secretary and all information in relation to the Group whether as a full Board or in their individual capacity to assist them in carrying out their duties. Where necessary, the Directors may engage independent professionals at the Group's expense on specialised issues to enable the Board to discharge their duties with adequate knowledge on the matters being deliberated.

The proceedings and resolutions reached at each Board Meeting are recorded in the minutes of the meetings, which are kept in the Minutes Book at the registered office. The Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.

Besides Board meetings, the Board also exercises control on matters that require Board's approval through circulation of Directors Resolutions.

(iv) Appointments to the Board

The Nomination Committee, which was set up on 29 September 2001, is responsible for recommending board appointments and assessment of directors on an on-going basis. The members of the Nomination Committee are set out on page 13.

(v) Re-election of Directors

The Articles of Association of the Company provide that at least one third of the Board members are required to retire at every Annual General Meeting and be subject to re-election by shareholders and this means that that all Directors shall stand for re-election at least once every three (3) years. Newly appointed directors shall hold office until the next following annual general meeting and shall then be eligible for re-election by shareholders.

(vi) Directors Training

All board members have completed the Mandatory Accreditation Programme and Continuing Education Programme "CEP" as required by Bursa Malaysia Securities Berhad.

(vii) Directors Remuneration

For the financial year ended 30th September 2006, the Board was directly responsible for setting the policy framework and for making recommendations on remuneration packages and benefits extended to the Chairman and all the Directors.

The Audited Financial Statements in this Annual Report contains the breakdown of the Director's remuneration for the financial year ended 30th September 2006.

B. BOARD COMMITTEES

The Board had established:

(i) The Audit Committee

Terms and reference and further information on the Audit Committee are set out on pages 16 and 17 of this annual report.

(ii) The Remuneration Committee

The Remuneration Committee was established by the Board on 29 September 2001 to assist the Board with the following objectives:

- To provide assistance to the Board in determining the remuneration of Executive Directors and the Managing Director. To achieve this objective, the Committee is to ensure that the Executive Director and the Managing Director are fairly rewarded for their individual contributions to overall performance and that the compensation is reasonable in light of the Company's objectives, compensation for a similar function in other companies, and other relevant factors with due regards given to the interests of the Shareholders and to the financial and commercial needs of the Company;
- To establish the Managing Director's goals and objectives; and
- Review the Managing Director's performance against the goals and objectives set.

The members of the Remuneration Committee are:

(1) Haji Awang Mohidin Bin Awang Saman - Chairman
(Independent Non-executive)

(2) Ms Katrina Ling Shiek Ngee - Member
(Non-independent Non-executive)

(3) En. Ibrahim Bin Baki - Member
(Independent Non-executive)

The Remuneration Committee met once during the financial year ended 30 September 2006.

Statement on Corporate Governance & Other Disclosures [contd.]

(iii) The Nomination Committee

The Nomination Committee was established by the Board to assist the Board with the following objectives:

- To identify and recommend to the Board, candidates for directorships of the Company;
- To recommend to the Board, directors to fill the seats on Board Committees;
- To evaluate the effectiveness of the Board and Board Committees (including its size and composition) and contributions of each individual director; and
- To ensure the existence of an appropriate framework and succession plan for Board Members and the Managing Director for the Company.

The members of the Nomination Committee are:

(1) Haji Awang Mohidin Bin Awang Saman - Chairman
(Independent Non-executive)

(2) Ms Katrina Ling Shiek Ngee - Member
(Non-independent Non-executive)

(3) En. Ibrahim Bin Baki - Member
(Independent Non-executive)

The Nomination Committee met twice during the financial year ended 30th September 2006.

C. RELATIONSHIP WITH SHAREHOLDERS

The annual report, announcements through Bursa Malaysia Securities Berhad and circulars are the substantial means of communicating with all the shareholders.

The Annual General Meeting and Extraordinary General Meetings are major opportunities to meet individual shareholders, to encourage shareholders to participate through questions on the progress and performance of the Group and to talk to them informally before and after the meetings.

Shareholders and members of the public are invited to access the Bursa Malaysia website at *announcements.bursamalaysia.com.* to obtain the latest information of the Group.

D. ACCOUNTABILITY AND AUDIT

(i) Internal Control

The Statement of Internal Control provides an overview of the state of internal controls within the Group.

(ii) Financial Reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board of Directors has ensured that the financial statements present a balanced and understandable assessment of the Company and Group's position and prospects.

(iii) Relationship with Auditors

The Company maintains a transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

The external auditors meet with the Audit Committee to:-

- Present the scope of the financial audit before the commencement of audit; and
- Review the results of the said audit after the conclusion of the audit.

Directors' Responsibility Statement

In relation to the Annual Financial Statements, the Company and Group's financial statements are drawn up in accordance with the applicable MASB approved accounting standards in Malaysia and Companies Act, 1965. The Board of Directors is responsible to ensure that the financial statements of the Company and Group give a true and fair view of the state of affairs of the Company and Group.

In order to ensure that the financial statements are properly drawn up, the Board has taken the following measures:

- Adopt applicable accounting standards and legal requirements
- Consistent application of accounting policies
- Where applicable, judgments and estimates are made on a reasonable and prudent basis.
- Upon due enquiry into the state of affairs of the Company, there are no material matters that may affect the ability of the Company to continue in business on a going concern basis.

The Board has also ensured the Quarterly and Annual financial statements of the Company and Group are released to the Bursa Malaysia Securities Berhad in a timely manner in order to keep our investing public informed of the Group's latest development.

Other Disclosures

Share Buybacks

During the financial year, the Company repurchased 765,600 of its issued ordinary shares from the open market at an average price of RM1.52 per share. The shares repurchased are being held as treasury shares.

Date	No. of shares	Consideration Paid (RM)	Highest price Paid (RM)	Lowest price Paid (RM)	Average price Paid (RM)
December 2005	283,000	460,592	1.63	1.60	1.627
January 2006	182,600	319,391	1.75	1.70	1.749
March 2006	300,000	383,369	1.31	1.21	1.278
Total	**765,600**	**1,163,352**			

Options, Warrants or Convertible Securities

No options, warrants or convertible securities had been converted to ordinary shares during the financial year.

American Depository Receipt(ADR) or Global Depository Receipt(GDR) Programme

During the financial year, the Group did not sponsor any ADR or GDR programme.

Imposition of Sanctions and Penalties

There were no sanctions or penalties imposed on the Group and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

Material Contracts

The Board has ensured that as at end of the financial year 30th September 2006 there are no existing material contracts of the Company and subsidiaries involving directors and substantial shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Utilisation of Proceeds

For the financial year ended 30th September 2006, there was no proceed raised from any exercise.

Non-Audit Fee

There was no non-audit fee paid for the year ended 30th September 2006.

Profit Estimates, Forecast or Projection

There were no variances of 10% or more between the audited results for the financial year and the unaudited results previously announced.

Profit Guarantees

During the financial year, there were no profit guarantees given by the Group.

Statement on Internal Control

INTRODUCTION

The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following Statement on Internal Control which outlines the nature and scope of internal control of the Group during the year pursuant to Section 15.27(b) of the Bursa Malaysia Securities Berhad Listing Requirements.

RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. However, due to the limitations that are inherent in any system of internal control, such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. As such, the system can only provide reasonable and not absolute assurance against material misstatement or loss. The Board's responsibility for internal control does not cover those of the associated companies which are separately managed.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control system are as follows :

- Clearly defined organisational structure with clear lines of delegation of responsibility to Committees of the Board, management and operating units.
- Regular operations and management meetings are held to discuss on the Group's operational matters.
- Timely financial and operations reports provided to Management.
- Performance and results are regularly monitored against results of the corresponding period of prior year; major variances are investigated and appropriate action taken or plan put in place. Financial results are tabled to the Board on a regular basis.
- Regular visits to operating units by Executive Director and senior management. Executive Director meets with senior management regularly to discuss and resolve key operational, financial, personnel and related management issues.
- The Group's vessels are subject to stringent regulatory and commercial requirements; the vessels are fully International Safety Management (ISM) compliant and are fully certified by class surveyors.
- The Audit Committee, entrusted with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control, reviews the quarterly and annual financial statements and results announcements and recommend to the Board for approval and also any related party transaction and conflict of interest situation.

The Board is satisfied that, during the year under review, there is an ongoing process of identifying, evaluating and managing significant risks faced by the Group. The process is regularly reviewed by the Board and is in accordance with the guidance as contained in the Statement on Internal Control – Guidance for Directors of Public Listed Companies. The Board is of the view that the existing system of internal controls is sound and adequate to safeguard the Group's assets at the existing level of operations of the Group. In striving for continuous improvement, the Board will put in place appropriate action plans, as and when necessary, to further enhance the Group's system of internal control.

This statement is made in accordance with a resolution of the Board of Directors dated 28 February 2007.

Audit Committee

Ibrahim Bin Baki Chairman	-	*Independent Non-Executive Director*
Haji Awang Mohidin Bin Awang Saman Member	-	*Independent Non-Executive Director*
Dennis Ling Li Kuang Member	-	*Group Managing Director* *(Member of MIA)*

TERMS OF REFERENCE

Responsibilities and functions of the Audit Committee

Members agreed on the following Terms of Reference for the Board Audit Committee.
The Board Audit Committee shall be governed by the following terms of reference:

1. OBJECTIVES

The principal objectives of the Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to the accounting and reporting practices of the company. In addition, the Committee shall:-

- evaluate the quality of the audits conducted by the internal and external auditors.
- provide assurance that the financial information presented by the management is relevant, reliable and timely.
- oversee compliance with laws and regulations and observance of a proper code of conduct, and
- determine the adequacy of the Company's control environment.

2. SIZE AND COMPOSITION

The Board Audit Committee should comprise at least three directors, the majority of whom be non-executive and independent senior management and free from any relationship which might in the opinion of the Board of Directors be construed as a conflict of interest. The Committee shall elect a chairperson from among its members who is a non-executive director.

3. ATTENDANCE AT MEETINGS

The finance manager, the internal auditor and a representative of the external auditors may be invited to attend meetings. The Committee may invite any person to be in attendance to assist in its deliberations. However, at least once a year the Committee shall meet with the external auditors without any executive board member present.

The Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with the concurrence of the chairperson and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of the meetings of the Committee, circulating them to Committee members and to other members of the Board of Directors and for following up outstanding matters.

A quorum shall consist of two members. The majority of members present must be independent directors.

4. FREQUENCY OF MEETINGS

Meetings shall be held not less than four times a year. In addition, the chairperson shall call a meeting of the Committee if requested to do so by any Committee member, the management or the internal or external auditors.

A resolution in writing signed or approved by letter or telegram or telex or telefax by all the Committee members who may at the time present in Malaysia or the Republic of Singapore being not less than are sufficient to form a quoram, shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolutions shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him.

5. AUTHORITY

The Committee shall have unlimited access to all information and documents, to the internal and external auditors and to senior management of the Company. The Committee is authorised by the Board of Directors to investigate any activity

Audit Committee [contd.]

within its term of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

The Committee is authorised by the Board of Directors to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

6. REPORTING

The Committee shall report to the Board of Directors either formally in writing or verbally, as it considers appropriate on the matters within its terms of reference at least four times a year, but more frequently if it so wishes. The Committee shall report to the Board of Directors on any specific matters referred to it by the Board for investigation and report.

7. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are as follows:-

- review the audit plan with the external auditors.
- review the accounting controls with the external auditors.
- review the Audit report.
- review the assistance given by the Company's officers to the external auditors.
- review the scope and results of internal audit procedures.
- review the balance sheet and income statement.
- review any related party transactions that may arise within the Company.
- nominate a person or persons as auditors.
- undertake such other responsibilities as may be agreed to by the Committee and the Board of Directors.
- report to the Board of Directors its activities, significant results and findings.

8. AUDIT COMMITTEE MEETING

There were 5 Audit Committee meetings held during the financial year ended 30th September 2006. The attendance of each member is as follows:-

Name	Total No. of Meetings	Meetings Attended
1 Ibrahim Bin Baki	5	5
2 Haji Awang Mohidin Bin Awang Saman	5	5
3 Dennis Ling Li Kuang	5	5

9. SUMMARY OF ACTIVITIES

The activities of the Audit Committee during the financial year were summarised as below:-

(i) Reviewed the unaudited financial results
(ii) Reviewed external auditors' audit plan and reports on the financial statements.

10. INTERNAL AUDIT FUNCTION

The internal audit department covers reviews of internal control system, accounting and management information systems. The Head of the Internal Audit Department shall have unrestricted access to the Committee Members and reports to the Committee whose scope of responsibility includes overseeing the development and establishment of the internal audit functions.

In respect of routine administrative matters, the Head of the Internal Audit Department reports to the management.

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Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2006.

Principal Activities

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are investment holding, shipping services, shipping agent, ship owner and charterer and provision of marine cargo handling services.

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

Results

	Group	Company
	RM	RM
Net profit for the year	23,845,146	5,102,543

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

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

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Richard Wee Liang Huat @ Richard Wee Liang Chiat
Ling Li Kuang
Ibrahim Bin Baki
Katrina Ling Shiek Ngee
Awang Mohidin Bin Awang Saman
Lau Swee Eng
Ernest Ho Keng Seng (alternate director to Richard Wee Liang Huat @ Richard Wee Liang Chiat)

Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements 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 he is a member, or with a company in which he has a substantial financial interest.

Directors' Report [contd.]

Directors' Interests

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

	Number of Ordinary Shares of RM1 Each			
	1.10.2005	**Acquired**	**Sold**	**30.9.2006**
Direct Interest:				
Richard Wee Liang Huat @ Richard Wee Liang Chiat	1,891,673	-	350,000	1,541,673
Lau Swee Eng	1,160,200	300,000	-	1,460,200
Ling Li Kuang	-	2,350,000	-	2,350,000
Indirect interest:				
Richard Wee Liang Huat @ Richard Wee Liang Chiat	2,793,818	-	-	2,793,818

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Treasury Shares

During the financial year, the Company repurchased 765,600 of its issued ordinary shares from the open market at an average price of RM1.52 per share. The total consideration paid for the repurchase including transaction costs was RM1,163,353. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 September 2006, the Company held as treasury shares a total of 765,600 of its 155,546,710 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,163,353 and further relevant details are disclosed in Note 24 to the financial statements.

Other Statutory Information

(a) 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report [contd.]

Other Statutory Information [contd.]

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; 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 or of the Company for the financial year in which this report is made.

Significant Events

The significant events during the financial year are as disclosed in Note 32 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

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

Richard Wee Liang Huat @ Richard Wee Liang Chiat

Ling Li Kuang

Kuching, Malaysia
Date: 30 January 2007

Statement by Directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, **Richard Wee Liang Huat @ Richard Wee Liang Chiat** and **Ling Li Kuang**, being two of the directors of **Hubline Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 24 to 59 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

Richard Wee Liang Huat @ Richard Wee Liang Chiat

Ling Li Kuang

Kuching, Malaysia
Date: 30 January 2007

Statutory Declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, **Ling Li Kuang**, being the Director primarily responsible for the financial management of **Hubline Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 24 to 59 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, I960.

Subscribed and solemnly declared by
the abovenamed **Ling Li Kuang**
at Kuching in the State of Sarawak
on 30 January 2007 .

Ling Li Kuang

Before me,

CHUA HIAN CHONG PPN, PPT
Commissioner For Oaths
Lot 418, (1st Floor)
Lorong 1, Off Rubber Road,
93400 Kuching, Sarawak

PESURUHJAYA SUMPAH
NO. Q 071
CHUA HIAN CHONG
MALAYSIA

Report of the Auditors to the Members of Hubline Berhad

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 24 to 59. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

    (i) the financial position of the Group and of the Company as at 30 September 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and

    (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report thereon of the subsidiary of which we have not acted as auditors, as indicated in Note 10 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young

ERNST & YOUNG
AF: 0039
Chartered Accountants

CHIN MUI KHIONG PETER
No.1881/03/08 (J)
Partner

Kuching, Malaysia
Date: 30 January 2007

Consolidated Income Statement For the Year Ended 30 September 2006

	Note	2006 RM	2005 RM
Revenue	3	387,192,159	414,204,000
Cost of sales		(331,245,987)	(355,573,529)
Gross Profit		55,946,172	58,630,471
Other operating income		3,248,653	10,191,973
Administrative expenses		(26,451,996)	(27,394,561)
Profit from Operations	4	32,742,829	41,427,883
Finance costs - interest expense		(11,221,109)	(6,080,464)
Share of results of associates		2,425,991	10,256,509
Profit Before Taxation		23,947,711	45,603,928
Taxation			
Company and subsidiaries		(67,483)	(40,048)
Associates		(35,082)	(43,396)
	7	(102,565)	(83,444)
Net Profit for the Year		23,845,146	45,520,484
Earnings Per Share (sen):			
Basic	8(a)	15.4	30.1

The accompanying notes form an integral part of the financial statements.

Consolidated Balance Sheet As at 30 September 2006

	Note	2006	2005
		RM	RM
Non-Current Assets			
Property, plant and equipment	9	285,990,916	186,082,226
Investments in associates	11	76,153,431	73,762,522
Goodwill on consolidation	12	69,410,532	69,410,532
Intangible assets	13	1,218,956	1,625,274
Deferred tax assets	27	10,761	79,490
		432,784,596	330,960,044
Current Assets			
Inventories	15	23,988,354	19,080,612
Trade receivables	16	93,170,837	80,331,147
Other receivables	17	27,734,236	19,026,320
Short term investments	18	-	23,322,913
Cash and bank balances	19	85,658,045	99,723,491
		230,551,472	241,484,483
Current Liabilities			
Borrowings	20	50,582,955	119,690,349
Trade payables	22	15,242,517	21,608,923
Other payables	23	8,285,454	9,867,430
Tax payable		-	77,069
		74,110,926	151,243,771
Net Current Assets		156,440,546	90,240,712
		589,225,142	421,200,756
Financed by:			
Share capital	24	155,546,710	155,546,710
Share premium		66,845,342	66,845,342
Treasury shares	24	(1,163,353)	-
Foreign currency translation reserve	25	1,507,015	487,709
Retained profits	26	147,753,862	123,908,716
Shareholders' equity		370,489,576	346,788,477
Borrowings	20	218,735,566	74,412,279
		589,225,142	421,200,756

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 September 2006

	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM
		<——— Non-Distributable			———>	Distributable	
At 1 October 2004		141,406,110	49,612,899	-	124,359	78,388,232	269,531,600
Issue of share capital - Private placement	24	14,140,600	17,675,750	-	-	-	31,816,350
Expenses on issue of share capital		-	(443,307)	-	-	-	(443,307)
Foreign currency translation		-	-	-	363,350	-	363,350
Net (losses)/gains not recognised in income statement		-	(443,307)	-	363,350	-	(79,957)
Net profit for the year		-	-	-	-	45,520,484	45,520,484
At 30 September 2005		155,546,710	66,845,342	-	487,709	123,908,716	346,788,477
At 1 October 2005		155,546,710	66,845,342	-	487,709	123,908,716	346,788,477
Foreign currency translation, representing net losses not recognised in income statement		-	-	-	1,019,306	-	1,019,306
Purchase of treasury shares	24	-	-	(1,163,353)	-	-	(1,163,353)
Net profit for the year		-	-	-	-	23,845,146	23,845,146
At 30 September 2006		155,546,710	66,845,342	(1,163,353)	1,507,015	147,753,862	370,489,576

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement For the Year Ended 30 September 2006

	2006 RM	2005 RM
Cash Flows from Operating Activities		
Profit before taxation	23,947,711	45,603,928
Adjustments for:		
Amortisation of discount	-	258,360
Amortisation of intangible assets	406,318	406,318
Bad debts written off	88,099	6,025
Provision for doubtful debts, net of recoveries	904,000	2,000,000
Depreciation	30,756,642	27,128,659
Unrealised foreign exchange losses	2,621,234	1,934,347
Gain on disposal of property, plant and equipment	(27,513)	(8,966,613)
Interest expense	11,221,109	6,080,464
Interest income	(2,443,424)	(983,321)
Dividend income	(8,033)	(322,913)
Share of results in associates	(2,425,991)	(10,256,509)
Operating profit before working capital changes	65,040,152	62,888,745
Increase in inventories	(4,907,742)	(2,566,731)
Increase in receivables	(23,340,272)	(24,422,818)
Decrease in payables	(10,586,361)	(13,853,994)
Cash generated from operations	26,205,777	22,045,202
Interest paid	(11,221,109)	(6,080,464)
Taxes paid	(164,641)	(115,995)
Net cash generated from operating activities	14,820,027	15,848,743
Cash Flows from Investing Activities		
Dividends received	8,033	322,913
Purchase of shares in associates	-	(20,914,217)
Investments in unit trust	-	(23,322,913)
Purchase of property, plant and equipment	(130,321,915)	(18,908,551)
Proceeds from disposal of property, plant and equipment	62,087	58,753,120
Proceeds from disposal of short term investment	23,322,913	-
Interest received	2,243,424	983,321
Net cash used in investing activities	(104,685,458)	(3,086,327)
Cash Flows from Financing Activities		
Purchase of treasury shares	(1,163,353)	-
Proceeds from issuance of Bai' Bithaman Ajil Islamic Debt Securities and Murabahah Commercial Papers	220,000,000	-
Repayment of Murabahah Commercial Papers and Murabahah Medium Term Notes	(120,000,000)	-
Repayment of term loans	(253,491)	(29,482,267)
Repayment of hire purchase and lease financing	(446,697)	(486,832)
Drawdown of other borrowings	37,831,373	71,450,026
Repayment of other borrowings	(60,384,838)	(12,034,261)
Net proceeds from issuance of ordinary shares	-	31,373,043
Net cash generated from financing activities	75,582,994	60,819,709
Net (Decrease)/Increase in Cash and Cash Equivalents	(14,282,437)	73,582,125
Cash and Cash Equivalents at Beginning of Year	97,987,097	24,041,622
Effects of Exchange Rate Changes	1,019,306	363,350
Cash and Cash Equivalents at End of Year (Note 19)	84,723,966	97,987,097

The accompanying notes form an integral part of the financial statements.

Income Statement For the Year Ended 30 September 2006

	Note	2006 RM	2005 RM
Revenue	3	10,002,430	100,566
Other operating income		9,622,087	4,226,524
Administrative expenses		(4,772,025)	(1,982,218)
Profit from Operations	4	14,852,492	2,344,872
Finance costs - interest expense		(9,749,949)	(4,412,153)
Profit/(Loss) Before Taxation		5,102,543	(2,067,281)
Taxation	7	-	-
Net Profit/(Loss) for the Year		5,102,543	(2,067,281)

The accompanying notes form an integral part of the financial statements.

Balance Sheet As at 30 September 2006

	Note	2006 RM	2005 RM
Non-Current Assets			
Property, plant and equipment	9	5,773	8,175
Investments in subsidiaries	10	161,300,010	145,100,007
Due from subsidiaries	14	276,146,500	177,353,113
		437,452,283	322,461,295
Current Assets			
Other receivables	17	151,014	548,202
Short term investments	18	-	8,100,566
Cash and bank balances	19	15,129,568	67,577,266
		15,280,582	76,226,034
Current Liabilities			
Borrowings	20	-	109,604,799
Other payables	23	1,646,467	451,949
		1,646,467	110,056,748
Net Current Assets/(Liabilities)		13,634,115	(33,830,714)
		451,086,398	288,630,581
Financed by:			
Share capital	24	155,546,710	155,546,710
Share premium		66,845,342	66,845,342
Treasury shares	24	(1,163,353)	-
Retained profits	26	11,341,072	6,238,529
Shareholders' equity		232,569,771	228,630,581
Borrowings	20	218,516,627	60,000,000
		451,086,398	288,630,581

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity For the Year Ended 30 September 2006

		<—— Non-Distributable	——>		Distributable	
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Retained Profits RM	Total RM
At 1 October 2004		141,406,110	49,612,899	-	8,305,810	199,324,819
Issue of share capital - private placement	24	14,140,600	17,675,750	-	-	31,816,350
Expenses on issue of share capital, representing net losses not recognised in the income statement		-	(443,307)	-	-	(443,307)
Net loss for the year		-	-	-	(2,067,281)	(2,067,281)
At 30 September 2005		155,546,710	66,845,342	-	6,238,529	228,630,581
Purchase of treasury shares	24	-	-	(1,163,353)	-	(1,163,353)
Net profit for the year		-	-	-	5,102,543	5,102,543
At 30 September 2006		155,546,710	66,845,342	(1,163,353)	11,341,072	232,569,771

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement For the Year Ended 30 September 2006

	2006 RM	2005 RM
Cash Flows from Operating Activities		
Profit/(loss) before taxation	5,102,543	(2,067,281)
Adjustments for:		
Amortisation of discount	-	258,360
Depreciation	2,402	6,186
Unrealised foreign exchange losses	1,869,700	708,657
Interest expense	9,749,949	4,412,153
Interest income	(9,583,017)	(4,226,524)
Dividend income	(10,002,430)	(100,566)
Provision for doubtful debts	1,243,942	-
Loss on disposal of property, plant and equipment	-	3,384
Operating loss before working capital changes	(1,616,911)	(1,005,631)
Increase in receivables	(690,951)	(167,288)
Increase in payables	1,194,518	461,958
Cash used in operations	(1,113,344)	(710,961)
Interest paid	(9,749,949)	(4,412,153)
Taxes paid	-	(881)
Net cash used in operating activities	(10,863,293)	(5,123,995)
Cash Flows from Investing Activities		
Acquisition of subsidiaries	(16,200,003)	-
Advances to subsidiaries	(101,907,029)	(6,157,336)
Investments in unit trust	-	(8,100,566)
Purchase of property, plant and equipment	-	(7,210)
Proceeds from disposal of short term investments	8,100,566	-
Interest received	9,583,017	4,226,524
Net dividends received	10,002,430	100,566
Proceeds from disposal of property, plant and equipment	-	2,000
Net cash used in investing activities	(90,421,019)	(9,936,022)
Cash Flows from Financing Activities		
Purchase of treasury shares	(1,163,353)	-
Proceeds from issuance of Bai' Bithaman Ajil Islamic Debt Securities and Murabahah Commercial Papers	220,000,000	-
Repayment of Murabahah Commercial Papers and Murabahah Medium Term Notes	(120,000,000)	-
Drawdown of other borrowings	-	50,000,000
Repayment of other borrowings	(50,000,000)	-
Net proceeds from issuance of ordinary shares	-	31,373,042
Net cash generated from financing activities	48,836,647	81,373,042
Net (Decrease)/Increase in Cash and Cash Equivalents	(52,447,665)	66,313,025
Cash and Cash Equivalents at Beginning of Year	67,577,233	1,264,208
Cash and Cash Equivalents at End of Year (Note 19)	15,129,568	67,577,233

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements - 30 September 2006

1. Corporate Information

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 10. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Lot 142, 1st Floor, Bangunan WSK, Jalan Abell, 93100 Kuching, Sarawak.

The number of employees in the Group and in the Company at the end of the financial year were 573 (2005: 585) and 1 (2005: 1) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 January 2007.

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2. Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

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

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair values of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Notes to the Financial Statements - 30 September 2006 [contd.]

2. Significant Accounting Policies [contd.]

(b) Basis of Consolidation [contd.]

(ii) Associates [contd.]

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

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

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates and jointly controlled entities is included within the respective carrying amounts of these investments. Goodwill is not amortised.

(d) Investments in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	50 years
Furniture, fittings & motor vehicles	2 years to 10 years
Vessels and vessel equipment	5 years to 24 years
Containers and port equipment	10 years

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(f) Intangible Assets

Intangible assets represent the development costs incurred for computer software and other related expenses of the Group and are stated at cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over five years from the date when the asset is available for use. The carrying amount of intangible assets is reviewed annually and adjusted for impairment where it is considered necessary.

(g) Inventories

Inventories comprise bunker, lubricant, ship stores and spare parts held for own consumption. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method and comprises the purchase price and other direct charges.

Notes to the Financial Statements - 30 September 2006 [contd.]

2. Significant Accounting Policies [contd.]

(h) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(i) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

Assets acquired by way of hire purchase or finance leases 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 leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(e).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(j) 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.

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 recognised 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.

The income of the Group derived from the operation and letting of sea-going Malaysian registered ships are tax-exempt under Section 54A of the Income Tax Act, 1967. Accordingly, no deferred tax is recognised on any temporary differences in this respect.

Notes to the Financial Statements - 30 September 2006 [contd.]

2. Significant Accounting Policies [contd.]

(k) Dry Docking Expenditure

Dry docking expenditure is recognised in the income statement as and when incurred.

(l) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(m) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Revenue from ocean freight

Ocean freight revenue for cargoes loaded onto vessels up to the balance sheet date is accrued for in the financial statements.

(ii) Revenue from vessels

Revenue from vessels employed under charter hire and other related revenue are recognised on an accrual basis.

(iii) Revenue from services

Revenue from providing shipping agency services is recognised net of discount as and when the services are performed.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(v) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(n) Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These exchange differences are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Notes to the Financial Statements - 30 September 2006 [contd.]

2. Significant Accounting Policies [contd.]

(n) Foreign Currencies [contd.]

(ii) Foreign operations

Where the operations of a foreign company are integral to the operations of the Company, the translation principles described above are applied as if the transactions of the foreign operation had been those of the Company.

(iii) Foreign entities

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

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

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

	2006 RM	**2005** RM
Singapore Dollars	2.32	2.23
United States Dollars	3.69	3.77
Thai Baht	0.09	0.09

(o) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. An impairment loss is recognised as an expense in the income statement immediately.

(p) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

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

(i) Short term investments

Short term investments are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of short term investments are recognised in the income statement. On disposal of the investments, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(ii) Trade receivables

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

Notes to the Financial Statements - 30 September 2006 [contd.]

2. Significant Accounting Policies [contd.]

(p) Financial Instruments [contd.]

(iii) Trade payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including any attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(vi) Murabahah Commercial Papers/Murabahah Medium Term Notes ("MCP/MMTN") and Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")

MCP/MMTN and BaIDS issued by the Company are initially recognised based on the proceeds received, net of issuance expenses incurred and adjusted in subsequent financial years for accretion of discount to maturity. The discount accreted is recognised in the income statement over the period of the respective MCP/MMTN and BaIDS.

3. Revenue

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM	RM	RM	RM
Dividend income	-	-	10,002,430	100,566
Shipping & related activities	387,192,159	414,204,000	-	-
	387,192,159	414,204,000	10,002,430	100,566

Notes to the Financial Statements - 30 September 2006 [contd.]

4. Profit from Operations

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Staff costs (Note 5)	32,068,289	27,120,010	99,006	88,325
Non-executive directors' remuneration (Note 6)	507,800	403,241	60,000	30,000
Auditors' remuneration :				
Statutory audits				
- current year's provision	180,427	148,484	16,500	15,000
- underprovision in prior year	27,805	21,685	3,000	3,000
Other services	-	8,400	-	8,400
Amortisation of discount	-	258,360	-	258,360
Amortisation of intangible assets	406,318	406,318	-	-
Depreciation (Note 9)	30,756,642	27,128,659	2,402	6,186
Rental of premises	1,009,676	1,084,015	48,000	48,000
Bad debts written off	88,099	6,025	-	-
Inventories written off	592,464	-	-	-
Provision for doubtful debts, net of recoveries	904,000	2,000,000	1,243,942	-
(Gain)/loss on disposal of property, plant and equipment	(27,513)	(8,966,613)	-	3,384
Net loss on foreign exchange :				
- realised	596,485	212,514	-	-
- unrealised	2,621,234	1,934,347	1,869,700	708,657
Dividend income	(8,033)	(322,913)	(10,002,430)	(100,566)
Interest income	(2,425,052)	(983,321)	(9,583,017)	(4,226,524)

5. Staff Costs

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Wages and salaries	28,333,485	24,133,854	88,675	78,080
Employees Provident Fund contributions	1,139,153	1,025,559	10,306	9,664
Social security costs	87,099	83,476	-	-
Other staff related expenses	2,508,552	1,877,121	25	581
	32,068,289	27,120,010	99,006	88,325

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM775,160 (2005: RM606,171) and RM10,000 (2005: RM5,000) respectively as further disclosed in Note 6.

Notes to the Financial Statements - 30 September 2006 [contd.]

6. Directors' Remuneration

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	617,760	493,220	-	-
Fees	49,400	37,951	10,000	5,000
Bonus	108,000	75,000	-	-
	775,160	606,171	10,000	5,000
Non-Executive:				
Fees	127,400	97,790	60,000	30,000
Other emoluments	366,000	294,000	-	-
	493,400	391,790	60,000	30,000
Total	1,268,560	997,961	70,000	35,000
Directors of subsidiaries				
Non-Executive:				
Fees	14,400	11,451	-	-
	14,400	11,451	-	-
Total	1,282,960	1,009,412	70,000	35,000
Analysis				
Total executive directors' remuneration (Note 5)	775,160	606,171	10,000	5,000
Total non-executive directors' remuneration (Note 4)	507,800	403,241	60,000	30,000
Total directors' remuneration	1,282,960	1,009,412	70,000	35,000

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2006	2005
Executive directors:		
RM600,001 - RM650,000	-	1
RM750,001 - RM800,000	1	-
Non-executive directors:		
Below RM50,000	4	6
RM300,001 - RM350,000	-	1
RM400,001 - RM450,000	1	-

Notes to the Financial Statements - 30 September 2006 [contd.]

7. Taxation

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Income tax:				
Foreign tax	-	20,844	-	-
Under/(over) provided in prior years:				
Malaysian income tax	(1,700)	-	-	-
Foreign tax	454	(2,203)	-	-
	(1,246)	18,641	-	-
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	60,849	71,098	-	-
Under/(over) provided in prior years	7,880	(49,691)	-	-
	68,729	21,407	-	-
	67,483	40,048	-	-
Share of taxation of associate	35,082	43,396	-	-
	102,565	83,444	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% effective year of assessment 2007 and to 26% effective year of assessment 2008. These changes do not have a significant effect on the Group's computation of deferred tax as at 30 September 2006. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2006	2005
	RM	RM
Group		
Profit before taxation	23,947,711	45,603,928
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	6,705,359	12,769,100
Effect of different tax rates in other countries	-	(17,012)
Effect of income not subject to tax	(26,324,419)	(26,887,932)
Effect of expenses not deductible for tax purposes	15,627,912	12,748,935
Deferred tax assets not recognised in respect of current year's tax losses	4,087,079	1,522,247
Under/(over) provision of deferred tax in prior years	7,880	(49,691)
Overprovision of tax expense in prior years	(1,246)	(2,203)
Tax expense for the year	102,565	83,444

Notes to the Financial Statements - 30 September 2006 [contd.]

7. Taxation [contd.]

	2006 RM	2005 RM
Company		
Profit/(loss) before taxation	5,102,543	(2,067,281)
Taxation at Malaysian statutory tax rate of 28% (2005 : 28%)	1,428,712	(578,839)
Effect of income not subject to tax	(2,800,000)	(28,158)
Effect of expenses not deductible for tax purposes	1,371,288	606,997
Tax expense for the year	-	-

8. Earnings Per Share

(a) Basic earnings per share is calculated by dividing the Group's net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group 2006	Group 2005
Net profit for the year (RM)	23,845,146	45,520,484
Weighted average number of ordinary shares in issue	155,036,559	151,052,711
Basic earnings per share (sen)	15.4	30.1

(b) There is no diluted earnings per share as the Company does not have any potential ordinary shares outstanding as at 30 September 2006.

9. Property, Plant and Equipment

Group	Buildings RM	Furniture, Fittings & Motor Vehicles RM	Vessels & Vessel Equipment RM	Containers & Port Equipment RM	Total RM
Cost					
At 1 October 2005	344,601	9,264,647	281,167,597	20,880,830	311,657,675
Additions	-	1,814,085	128,867,830	-	130,681,915
Disposals	-	(476,093)	-	-	(476,093)
Exchange differences	-	38,660	-	-	38,660
At 30 September 2006	344,601	10,641,299	410,035,427	20,880,830	441,902,157
Accumulated Depreciation					
At 1 October 2005	60,305	5,753,101	108,560,447	11,201,596	125,575,449
Depreciation charge for the year (Note 4)	6,892	1,441,093	27,220,574	2,088,083	30,756,642
Disposals	-	(441,519)	-	-	(441,519)
Exchange differences	-	20,669	-	-	20,669
At 30 September 2006	67,197	6,773,344	135,781,021	13,289,679	155,911,241

Notes to the Financial Statements - 30 September 2006 [contd.]

9. Property, Plant and Equipment [contd.]

Group	**Buildings** RM	**Furniture, Fittings & Motor Vehicles** RM	**Vessels & Vessel Equipment** RM	**Containers & Port Equipment** RM	**Total** RM
Net Book Value					
At 30 September 2006	277,404	3,867,955	274,254,406	7,591,151	285,990,916
At 30 September 2005	284,296	3,511,546	172,607,150	9,679,234	186,082,226
Details at 1 October 2004					
Cost	344,601	8,628,262	341,366,614	20,880,830	371,220,307
Accumulated depreciation	53,413	4,380,602	114,344,568	9,113,513	127,892,096
Depreciation charge for 2005 (Note 4)	6,892	1,669,832	23,363,852	2,088,083	27,128,659

Company	**Furniture & Fittings** RM
Cost	
At 1 October 2005/30 September 2006	98,108
Accumulated Depreciation	
At 1 October 2005	89,933
Depreciation charge for the year (Note 4)	2,402
Disposals	-
At 30 September 2006	92,335
Net Book Value	
At 30 September 2006	5,773
At 30 September 2005	8,175
Details at 1 October 2004	
Cost	98,586
Accumulated depreciation	86,051
Depreciation charge for 2005 (Note 4)	6,186

Notes to the Financial Statements - 30 September 2006 [contd.]

9. Property, Plant and Equipment [contd.]

(a) During the financial year, the Group acquired property, plant and equipment at the aggregate cost of RM130,681,915 (2005: RM19,671,151), of which RM360,000 (2005: RM762,600) were acquired by means of finance lease arrangements. Net book values of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group 2006 RM	Group 2005 RM
Furniture, fittings & motor vehicles	1,071,255	1,010,242

(b) The net book values of property, plant and equipment pledged (together with legal assignment of contract proceeds of certain long-term shipping contracts as well as hull and marine insurances) for borrowings as referred to in Note 20 are as follows:

	Group 2006 RM	Group 2005 RM
Vessels and vessel equipment	208,029,659	145,985,530
Containers and port equipment	-	565,833
	208,029,659	146,551,363

10. Investments in Subsidiaries

	Company 2006 RM	Company 2005 RM
Unquoted shares at cost:		
In Malaysia	162,300,001	146,100,002
Outside Malaysia	8	4
	162,300,009	146,100,006
Less: Accumulated impairment losses	(999,999)	(999,999)
	161,300,010	145,100,007

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%) 2006	Equity Interest Held (%) 2005	Principal Activities
EM Container Line Sdn. Bhd.	Malaysia	100	100	) Ship owner and
EM Line Sdn. Bhd.	Malaysia	100	100	) charterer
EM Shipping Sdn. Bhd.	Malaysia	100	100	Shipping agent
EM Carriers Sdn. Bhd.	Malaysia	100	100	) Dormant
Premier Spectrum Sdn. Bhd.	Malaysia	100	100	)
Wonder Link Sdn. Bhd.	Malaysia	100	100	Investment holding

Notes to the Financial Statements - 30 September 2006 [contd.]

10. Investments in Subsidiaries [contd.]

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%) 2006	2005	Principal Activities
Whittler Company Limited	British Virgin Islands	100	100	Provision of marine cargo handling and shipping services, and investment holding
Grand Dragon Overseas Ltd	British Virgin Islands	100	-	Vessel chartering and containerised shipping
Chatlink Sdn. Bhd.	Malaysia	100	-	) Ship owner and charterer
Hub Continental Shipping Sdn. Bhd.	Malaysia	100	-	)
Hub Explorer Sdn. Bhd.	Malaysia	100	-	)
Hub Fleet Sdn. Bhd.	Malaysia	100	-	)
Hub Shipping Sdn. Bhd.	Malaysia	100	-	Provision of marine cargo handling and shipping services
Hub Warrior Sdn. Bhd.	Malaysia	100	-	) Ship owner and charterer
Ozlink Sdn. Bhd.	Malaysia	100	-	)
Patimico Sdn. Bhd.	Malaysia	100	-	)

Subsidiaries of Wonder Link Sdn. Bhd.

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%) 2006	2005	Principal Activities
Hub Marine Pte. Ltd. *	Singapore	100	100	Shipping agent
Chatlink Sdn. Bhd.	Malaysia	-	100	) Ship owner and charterer
Hub Continental Shipping Sdn. Bhd.	Malaysia	-	100	)
Hub Explorer Sdn. Bhd.	Malaysia	-	100	)
Hub Fleet Sdn. Bhd.	Malaysia	-	100	)
Hub Shipping Sdn. Bhd.	Malaysia	-	100	Provision of marine cargo handling and shipping services
Hub Warrior Sdn. Bhd.	Malaysia	-	100	) Ship owner and charterer
Ozlink Sdn. Bhd.	Malaysia	-	100	)
Patimico Sdn. Bhd.	Malaysia	-	100	)

* Audited by a firm of auditors other than Ernst & Young.

Notes to the Financial Statements - 30 September 2006 [contd.]

10. Investments in Subsidiaries [contd.]

On 31 March 2006, the Company acquired 100% equity interests in the following subsidiaries from its wholly-owned subsidiary, Wonder Link Sdn. Bhd., for a total consideration of RM16.2 million:

	Amount RM
Chatlink Sdn. Bhd.	100,000
Hub Continental Shipping Sdn. Bhd.	2,000,000
Hub Explorer Sdn. Bhd.	4,000,000
Hub Fleet Sdn. Bhd.	2,000,000
Hub Shipping Sdn. Bhd.	2,000,000
Hub Warrior Sdn. Bhd.	5,000,000
Ozlink Sdn. Bhd.	1,000,000
Patimico Sdn. Bhd.	100,000
	16,200,000

On 3 May 2006, the Company acquired 100% equity interest in Grand Dragon Overseas Ltd, a company incorporated in the British Virgin Islands, for a cash consideration of RM4.00.

11. Investments in Associates

	Group	
	2006 RM	**2005** RM
Outside Malaysia:		
Quoted shares at cost	30,018,056	30,018,056
Share of post-acquisition reserves	5,327,108	5,249,239
	35,345,164	35,267,295
Unquoted shares at cost	32,904,735	32,904,735
Share of post-acquisition reserves	7,903,532	5,590,492
	40,808,267	38,495,227
Total shares	76,153,431	73,762,522
Quoted warrants	-	-
	76,153,431	73,762,522
Market value:		
- quoted shares	17,358,296	21,115,661
- quoted warrants	4,719,377	5,476,506

The Group's interests in the associates is analysed as follows:

	2006 RM	**2005** RM
Share of net assets	76,153,431	73,762,522
Share of capital commitments (Note 29)	227,000	-
Share of contingent liabilities (Note 30)	11,497,804	15,400,200

Notes to the Financial Statements - 30 September 2006 [contd.]

11. Investments in Associates [contd.]

Details of the associates are as follows:

Name of Associates	Country of Incorporation	Equity Interest Held (%) 2006	Equity Interest Held (%) 2005	Principal Activities
Bangpakong Terminal Public Company Limited *	Thailand	21	21	Domestic port and related services
Platinum Container Lines Co., Ltd.	Thailand	44	44	Shipping and marine cargo handling

* Bangpakong Terminal Public Company Limited ("BTC") is listed on the Stock Exchange of Thailand.

Certain of the Group's investment in the shares of BTC with carrying value amounting to approximately RM19.3 million (2005: RM21.2 million) have been pledged for borrowings as mentioned in Note 20.

12. Goodwill on Consolidation

	Group 2006 RM	Group 2005 RM
At 1 October/30 September	69,410,532	69,410,532

13. Intangible Assets

	Group 2006 RM	Group 2005 RM
At cost	2,031,592	2,031,592
Less: Accumulated amortisation	(812,636)	(406,318)
	1,218,956	1,625,274

Intangible assets of the Group represent cost and other related expenses incurred for computer software developed.

14. Due from Subsidiaries

	Company 2006 RM	Company 2005 RM
Due from subsidiaries	279,370,054	179,332,725
Less: Provision for doubtful debts	(3,223,554)	(1,979,612)
	276,146,500	177,353,113

The amounts due from subsidiaries of the Company are unsecured and have no fixed terms of repayment. Certain of the amounts bore interest of between 3.5% and 8.1% (2005: 2.8% and 8.5%) per annum.

Notes to the Financial Statements - 30 September 2006 [contd.]

15. Inventories

	Group	
	2006	2005
	RM	RM
Consumables, at cost	23,988,354	19,080,612

16. Trade Receivables

	Group	
	2006	2005
	RM	RM
Trade receivables	99,011,669	85,267,979
Less: Provision for doubtful debts	(5,840,832)	(4,936,832)
	93,170,837	80,331,147

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

17. Other Receivables

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Deposits	782,746	8,098,827	9,900	9,900
Prepayments	471,259	481,936	-	301,738
Due from associate	6,753,593	-	-	-
Due from subsidiaries of associate	13,810,344	9,059,759	-	-
Interest receivable	200,000	-	-	-
Sundry receivables	5,055,425	812,501	136,696	232,146
Tax recoverable	660,869	573,297	4,418	4,418
	27,734,236	19,026,320	151,014	548,202

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The amounts due from the associate and its subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

18. Short Term Investments

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Quoted investments in unit trust, at cost	-	23,322,913	-	8,100,566
Market value of quoted unit trust	-	23,322,913	-	8,100,566

Notes to the Financial Statements - 30 September 2006 [contd.]

19. Cash and Cash Equivalents

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Cash on hand and at banks	7,257,123	10,817,271	60,879	53,615
Deposits with licensed banks	78,051,976	88,575,646	15,068,689	67,523,651
Deposits with licensed finance company	348,946	330,574	-	-
Cash and bank balances	85,658,045	99,723,491	15,129,568	67,577,266
Bank overdrafts (Note 20)	(934,079)	(1,736,394)	-	(33)
Cash and cash equivalents	84,723,966	97,987,097	15,129,568	67,577,233

(a) The Company's cash at bank amounting to RM47,390 (2005: RM37,383) have been deposited with a financial institution for the purpose of interest repayment obligations and working capital utilisation in relation to the Company's Murabahah Commercial Papers/Murabahah Medium Term Notes ("MCP/MMTN") and Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") facilities as mentioned in Note 20.

(b) The Company's deposits with licensed banks amounting to RM2,701,245 (2005: RM17,032,994) have been deposited with licensed banks and financial institutions for the purpose of interest repayment obligations in relation to the Company's MCP/MMTN and BaIDS facilities as mentioned in Note 20.

(c) The Group's deposits with licensed banks and finance company amounting to RM667,005 (2005: RM632,569) have been pledged for credit facilities granted as referred to in Note 20.

(d) The interest rates and the maturities of deposits at the balance sheet date were as follows:

	Group		Company	
	2006	2005	2006	2005
Interest rates	1.8% - 9.0%	2.3 - 3.0%	3.4% - 3.7%	2.6% - 2.8%
Maturities	3 - 365 days	3 - 186 days	12 - 183 days	4 - 186 days

20. Borrowings

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Short Term Borrowings				
Secured:				
Murabahah Commercial Papers	-	60,000,000	-	60,000,000
Less : Unamortised discount	-	(395,234)	-	(395,234)
	-	59,604,766	-	59,604,766
Bank overdrafts	934,079	1,736,361	-	-
Bills payable and bankers' acceptance	11,940,582	7,681,285	-	-
Onshore foreign currency loan	5,890,791	-	-	-
Revolving credits	18,000,000	-	-	-
Term loans	250,048	245,000	-	-
Loan from a third party	11,295,505	-	-	-
Hire purchase and finance lease payables (Note 21)	271,950	422,904	-	-
	48,582,955	69,690,316	-	59,604,766
Unsecured:				
Bank overdrafts	-	33	-	33
Revolving credits	2,000,000	50,000,000	-	50,000,000
	2,000,000	50,000,033	-	50,000,033
	50,582,955	119,690,349	-	109,604,799

Notes to the Financial Statements - 30 September 2006 [contd.]

20. Borrowings [contd.]

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM	RM	RM	RM
Long Term Borrowings				
Secured:				
Murabahah Commercial Papers	150,000,000	50,000,000	150,000,000	50,000,000
Murabahah Medium Term Notes	-	10,000,000	-	10,000,000
Bai' Bithaman Ajil Islamic Debt Securities	70,000,000	-	70,000,000	-
Less: Unamortised discount	(1,483,373)	-	(1,483,373)	-
	218,516,627	60,000,000	218,516,627	60,000,000
Term loans	-	258,539	-	-
Loan from a third party	-	13,999,058	-	-
Hire purchase and finance lease payables (Note 21)	218,939	154,682	-	-
	218,735,566	74,412,279	218,516,627	60,000,000
Total Borrowings				
Murabahah Commercial Papers	150,000,000	110,000,000	150,000,000	110,000,000
Murabahah Medium Term Notes	-	10,000,000	-	10,000,000
Bai' Bithaman Ajil Islamic Debt Securities	70,000,000	-	70,000,000	-
Less: Unamortised discount	(1,483,373)	(395,234)	(1,483,373)	(395,234)
	218,516,627	119,604,766	218,516,627	119,604,766
Bank overdrafts (Note 19)	934,079	1,736,394	-	33
Bills payable and bankers' acceptance	11,940,582	7,681,285	-	-
Onshore foreign currency loan	5,890,791	-	-	-
Revolving credits	20,000,000	50,000,000	-	50,000,000
Term loans	250,048	503,539	-	-
Loan from a third party	11,295,505	13,999,058	-	-
Hire purchase and finance lease payables (Note 21)	490,889	577,586	-	-
	269,318,521	194,102,628	218,516,627	169,604,799
Maturity of borrowings (excluding hire purchase and finance lease):				
Within one year	50,311,005	119,662,679	-	110,000,033
More than 1 year and less than 2 years	-	74,257,597	-	60,000,000
More than 2 years and less than 5 years	40,000,000	-	40,000,000	-
5 years or more	180,000,000	-	180,000,000	-
	270,311,005	193,920,276	220,000,000	170,000,033

Notes to the Financial Statements - 30 September 2006 [contd.]

20. Borrowings [contd.]

(a) The average interest rates at the balance sheet date for borrowings, excluding hire purchase and finance lease payables, were as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	%	%	%	%
Bank overdrafts	6.3 - 6.8	6.3 - 8.0	-	6.5 - 8.0
Bills payable and bankers' acceptance	2.8 - 6.8	2.8 - 6.8	-	-
Onshore foreign currency loan	6.6	-	-	-
Revolving credits	5.8	4.7 - 5.8	-	5.8
Term loans	8.8	8.0 - 8.4	-	-
Loan from a third party	4.0 - 4.5	4.0 - 4.5	-	-

(b) The secured borrowings of the Group are secured by the following:

(i) Vessels and vessel equipment of the Group as disclosed in Note 9;

(ii) Assignment of contract proceeds of certain long-term shipping contracts and insurances of certain vessels of the Group;

(iii) Deposits with licensed banks and finance company of the Group as disclosed in Note 20;

(iv) Guarantee cover by Credit Guarantee Corporation Malaysia Berhad for an amount of RM730,000; and

(v) Certain of the Group's investment in the shares of an associate company as disclosed in Note 11.

(c) Murabahah Commercial Papers/Murabahah Medium Term Notes ("MCP/ MMTN")

On 17 October 2005, the Company entered into agreement with Affin Investment Bank Berhad and various parties to raise RM150 million MCP/MMTN. RM150 million has been fully issued in the form of MCP, the proceeds of which were utilised to finance the settlement of vessels and for working capital.

The MCP/MMTN will expire five to seven years from the date of first issue i.e. 24 November 2005. The tender rates for the MCP ranged between 3.5% and 4.4% (2005: 2.8% and 4.0%) per annum.

The MCP/MMTN are secured by third party charges over certain vessels owned by the Group as mentioned in Note 9, as well as certain of the Company's bank balances and deposits with licensed banks mentioned in Note 19, together with assignment of contract proceeds of long-term shipping contracts and insurances of certain vessels of the Group.

The amount and settlement dates of the MCP/MMTN are as follows:

Settlement date	**Amount to be settled**
	RM
24 November 2010	40,000,000
24 November 2011	50,000,000
24 November 2012	60,000,000
	150,000,000

(d) Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")

On 12 December 2005, the Company entered into agreement with Affin Investment Bank Berhad and various parties to raise RM70 million BaIDS.

The BaIDS will expire six to seven years from the date of first issue ie. 23 December 2005. The profit rates for the BaIDS ranged between 7.6% and 8.1% per annum.

Notes to the Financial Statements - 30 September 2006 [contd.]

20. Borrowings [contd.]

(d) Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") [contd.]

The BaIDS are secured by third party charges over certain vessels owned by the Group as mentioned in Note 9, as well as certain of the Company's bank balances and deposits with licensed banks mentioned in Note 19, together with assignment of contract proceeds of long-term shipping contracts and insurances of certain vessels of the Group.

The amount and settlement dates of the BaIDS are as follows:

Settlement date	**Amount to be settled** RM
23 December 2011	30,000,000
23 December 2012	40,000,000
	70,000,000

21. Hire Purchase and Finance Lease Payables

	Group	
	2006 RM	**2005** RM
Minimum lease payments:		
Not later than 1 year	295,715	441,907
Later than 1 year and not later than 2 years	232,050	159,547
	527,765	601,454
Less: Future finance charges	(36,876)	(23,868)
Present value of finance lease liabilities	490,889	577,586
Present value of finance lease liabilities:		
Not later than 1 year	271,950	422,904
Later than 1 year and not later than 2 years	122,043	154,682
Later than 2 years and not later than 5 years	96,896	-
	490,889	577,586
Analysed as:		
Due within 12 months (Note 20)	271,950	422,904
Due after 12 months (Note 20)	218,939	154,682
	490,889	577,586

The hire purchase and lease liabilities bore interest at the balance sheet date at rates between 3.5% and 12.9% (2005: 6.2% and 12.9%) per annum.

22. Trade Payables

The normal trade credit terms granted to the Group range from 30 to 60 days.

Notes to the Financial Statements - 30 September 2006 [contd.]

23. Other Payables

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Amount owing to directors	522,895	417,922	70,000	35,000
Amount owing to a corporate shareholder	-	5,444,277	-	-
Charter hire revenue received in advance	1,403,497	565,027	-	-
Sundry payables	2,068,347	942,124	1,767	40,242
Accruals	4,290,715	2,498,080	1,574,700	376,707
	8,285,454	9,867,430	1,646,467	451,949

The amounts owing to directors and a corporate shareholder are unsecured, interest-free and have no fixed terms of repayment.

24. Share Capital and Treasury Shares

	Number of Ordinary Shares of RM1 Each: Share Capital (Issued and Fully Paid)	Number of Ordinary Shares of RM1 Each: Treasury Shares	Amount: Share Capital (Issued and Fully Paid) RM	Amount: Treasury Shares RM
1 October 2004	141,406,110	-	141,406,110	-
Issue of share capital - private placement	14,140,600	-	14,140,600	-
At 30 September 2005	155,546,710	-	155,546,710	-
Purchase of treasury shares	-	(765,600)	-	(1,163,353)
At 30 September 2006	155,546,710	(765,600)	155,546,710	(1,163,353)

	Number of Ordinary Shares of RM1 Each 2006	Number of Ordinary Shares of RM1 Each 2005	Amount 2006 RM	Amount 2005 RM
Authorised Share Capital				
At 1 October/30 September	500,00,000	500,000,000	500,000,000	500,000,000

Treasury Shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a special resolution passed in a general meeting held on 31 March 2006, renewed their approval of the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 765,600 of its issued ordinary shares from the open market at an average price of RM1.52 per share. The total consideration paid for the repurchase including transaction costs was RM1,163,353. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 155,546,710 (2005: 155,546,710) issued and fully paid ordinary shares as at 30 September 2006, 765,600 (2005: Nil) are held as treasury shares by the Company. As at 30 September 2006, the number of outstanding ordinary shares in issue after the set off is therefore 154,781,110 (2005: 155,546,710) ordinary shares of RM1 each.

Notes to the Financial Statements - 30 September 2006 [contd.]

25. Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all exchange differences arising from the translation of the financial statements of foreign subsidiaries, as well as the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations.

26. Retained Profits

As at 30 September 2006, the Company has tax-exempt profits available for distribution of approximately RM8,101,000 (2005: RM8,101,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained profits as at 30 September 2006.

27. Deferred Tax Assets

	Group	
	2006	**2005**
	RM	RM
At 1 October	79,490	100,897
Recognised in income statement (Note 7)	(68,729)	(21,407)
At 30 September	10,761	79,490
Presented after appropriate offsetting as follows:		
Deferred tax assets	34,606	89,533
Deferred tax liabilities	(23,845)	(10,043)
	10,761	79,490

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Property, Plant and Equipment RM
At 1 October 2005	10,043
Recognised in income statement	13,802
At 30 September 2006	23,845
At 1 October 2004	52,979
Recognised in income statement	(42,936)
At 30 September 2005	10,043

Notes to the Financial Statements - 30 September 2006 [contd.]

27. Deferred Tax Assets [contd.]

Deferred Tax Assets of the Group:

	Unabsorbed Capital Allowances RM
At 1 October 2005	89,533
Recognised in income statement	(54,927)
At 30 September 2006	34,606
At 1 October 2004	153,876
Recognised in income statement	(64,343)
At 30 September 2005	89,533

Deferred tax assets have not been recognised in respect of the following items:

	Group		**Company**	
	2006 RM	**2005** RM	**2006** RM	**2005** RM
Unused tax losses	49,733,000	19,873,000	642,000	642,000
Unabsorbed capital allowances	4,642,000	3,968,000	1,256,000	1,256,000
Unutilised reinvestment allowance	60,000	60,000	60,000	60,000
	54,435,000	23,901,000	1,958,000	1,958,000

The unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowance are available indefinitely for offset against future taxable profits of the respective subsidiaries.

28. Operating Lease Arrangements

The Group has entered into non-cancellable operating lease agreement for the use of vessel. The lease has a life of 10 years with no renewal or purchase option included in the contract.

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2006 RM	**2005** RM
Future minimum rental payments:		
Not later than 1 year	8,001,165	-
Later than 1 year and not later than 5 years	30,134,920	-
Later than 5 years	30,202,250	-
	68,338,335	-

Notes to the Financial Statements - 30 September 2006 [contd.]

29. Capital Commitments

	Group 2006 RM	Group 2005 RM
Capital expenditure:		
Share of capital commitments of associates (Note 11)	227,000	-

30. Contingent Liabilities

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Unsecured:				
Corporate guarantees given to banks for credit facilities granted to subsidiaries	-	-	44,933,504	14,482,938
Share of contingent liabilities of associates (Note 11)	11,497,804	15,400,200	-	-
	11,497,804	15,400,200	44,933,504	14,482,938

31. Significant Related Party Transactions

	Company 2006 RM	Company 2005 RM
Subsidiaries:		
Dividend income	10,000,000	-
Interest income	7,860,997	3,864,243
Acquisition of subsidiaries	16,200,000	-

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

32. Significant Events

(a) At the Extraordinary General Meeting held on 15 November 2005, the Company's shareholders approved the Company to purchase and/or hold up to ten percent (10%) of its issued and paid-up capital.

As at 30 September 2006, the Company had repurchased and held as treasury shares, 765,600 of its issued ordinary shares as disclosed in Note 24.

(b) The Company had, on 24 November 2005 made an early redemption of and cancelled its RM120 million Murabahah Commercial Papers/Medium Term Notes Programme (2002/2007).

(c) The Company had entered into agreement with Affin Investment Bank Berhad and various parties to raise the following:

		Amount RM
(i)	Murabahah Commercial Papers/ Medium Term Notes	150,000,000
(ii)	Bai' Bithaman Ajil Islamic Debt Securities	70,000,000

The above were fully issued on 23 January 2006.

Notes to the Financial Statements - 30 September 2006 [contd.]

32. Significant Events [contd.]

(d) On 31 March 2006, the Company acquired 100% equity interests in certain subsidiaries from its wholly-owned subsidiary, Wonder Link Sdn. Bhd., for a total consideration of RM16.2 million as disclosed in Note 10.

(e) On 3 May 2006, the Company acquired 100% equity interest in Grand Dragon Overseas Ltd, a company incorporated in the British Virgin Islands, for a cash consideration of RM4.00.

33. Comparatives

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts as at 30 September 2005 have been reclassified to conform with current year's presentation as disclosed below:

	As Restated RM	**Adjustments** RM	**As Previously Stated** RM
Group			
Other receivables	19,026,320	573,297	18,453,023
Tax recoverable	-	(573,297)	573,297
Other operating income	10,191,973	983,321	9,208,652
Finance costs - interest expense	(6,080,464)	(983,321)	(5,097,143)
Company			
Other receivables	548,202	4,418	543,784
Tax recoverable	-	(4,418)	4,418
Revenue	100,566	100,566	-
Other operating income	4,226,524	4,125,958	100,566
Finance costs - interest expense	(4,412,153)	(4,226,524)	(185,629)

34. Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 30 September 2006. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

(c) Foreign Exchange Risk

The Company's exposure to foreign exchange risk arises mainly from normal operating transactions denominated in foreign currencies.

The Company does not use any derivative financial instruments to manage its exposure to foreign exchange risk as the directors are of the opinion that the net exposure is manageable.

Notes to the Financial Statements - 30 September 2006 [contd.]

34. Financial Instruments [contd.]

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(f) Fair Values

It is not practical to estimate the fair values of amounts due to/from related corporations, associates and other related parties due principally to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs.

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and the Company as at the 30 September 2006 are presented as follows:

		Group		**Company**	
	Notes	**Carrying Amount** RM	**Fair Value** RM	**Carrying Amount** RM	**Fair Value** RM
Financial Assets					
Non-current quoted shares	11	35,345,164	17,358,296	-	-
Financial Liabilities					
Murabahah Commercial Papers	20	150,000,000	123,302,000	150,000,000	123,302,000
Bai' Bithaman Ajil Islamic Debt Securities	20	70,000,000	46,500,000	70,000,000	46,500,000

It is not practicable to estimate the fair values of contingent liabilities (disclosed in Note 30) reliably, due to the uncertainties of timing, costs and eventual outcome.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Other Investments

The Group deems that it is not practical to estimate the fair values of its non-current unquoted shares because of the lack of quoted market prices and the inability to estimate the fair values without incurring excessive costs. However, the Group believes that the carrying amounts represent the recoverable values.

(ii) Cash and Cash Equivalents, Trade and Other Receivables/ Payables and Short Term Borrowings

The carrying amounts approximate their fair values due to the relatively short term maturity of these financial instruments.

Notes to the Financial Statements - 30 September 2006 [contd.]

34. Financial Instruments [contd.]

(f) Fair Values [contd.]

(iii) Long Term Borrowings

The fair values of borrowings are estimated using discounted cash flow analysis, based on the current incremental interest rates for liabilities with similar risk profiles.

35. Segmental Information

The Group is organised into two major business segments:

(i) Shipping & related activities
(ii) Management services

Segmental reporting by geographical location has not been prepared as the Group's operations are principally carried out in Malaysia.

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

Notes to the Financial Statements - 30 September 2006 [contd.]

35. Segmental Information [contd.]

	Shipping & Related Activities		Management Services		Eliminations		Consolidated	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
	RM	RM	RM	RM	RM	RM	RM	RM
Revenue and Expenses								
Revenue								
External sales	387,192,159	414,204,000	-	-	-	-	387,192,159	414,204,000
Inter-segment sales	-	-	10,000,000	-	(10,000,000)	-	-	-
Total revenue	387,192,159	414,204,000	10,000,000	-	(10,000,000)	-	387,192,159	414,204,000
Result								
Segment results	17,890,337	39,083,011	14,852,492	2,344,872		-	32,742,829	41,427,883
Profit from operations							32,742,829	41,427,883
Finance costs							(11,221,109)	(6,080,464)
Share of results of associates	2,425,991	10,256,509					2,425,991	10,256,509
Taxation							(102,565)	(83,444)
Net profit for the year							23,845,146	45,520,484
Assets and Liabilities								
Segment assets	576,639,182	426,230,907	17,286,354	76,229,791			593,925,536	502,460,698
Unallocated corporate assets							69,410,532	69,983,829
Consolidated total assets							663,336,068	572,444,527
Segment liabilities	21,992,430	31,054,906	1,646,467	451,949			23,638,897	31,506,855
Unallocated corporate liabilities							269,207,595	194,149,195
Consolidated total liabilities							292,846,492	225,656,050
Other Information								
Capital expenditure	130,681,915	19,663,941	-	7,210			130,681,915	19,671,151
Depreciation	30,754,240	27,122,473	2,402	6,186			30,756,642	27,128,659

Analysis of Shareholdings

Analysis of Shareholders as at 23 February 2007

Authorised Share Capital	:	RM500,000,000
Issued and Fully Paid-up Capital	:	RM155,546,710
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	One vote per Ordinary Shares

Distribution of Shareholdings

HOLDINGS	NO. OF HOLDERS	% OF HOLDERS	NO. OF SHARES	% OF ISSUED CAPITAL
Less than 100	19	0.85	539	0.00
100 to 1,000	748	33.56	704,276	0.45
1,001 to 10,000	1,076	48.27	4,513,945	2.90
10,001 – 100,000	263	11.80	9,521,698	6.12
100,001 to less than 5% of issued shares	121	5.43	104,497,897	67.18
5% and above of issued shares	2	0.09	36,308,355	23.34
Total	**2,229**	**100.00**	**155,546,710**	**100.00**

Substantial shareholders as at 23 February 2007

	Direct		Deemed Interest / Indirect	
	No. of shares	% held*	No. of shares	% held
Billion Power Sdn. Bhd.	38,878,355	25.12	-	-
Pau Chiong Ching	11,057,393	7.14	-	-
Lembaga Tabung Haji	7,768,100	5.02	-	-

Directors' shareholdings as at 23 February 2007

	Direct		Indirect	
	No. of Shares	%*	No. of shares	%*
Richard Wee Liang Huat @ Richard Wee Liang Chiat	1,341,673	0.87	2,793,818(1)	1.80
Dennis Ling Li Kuang	2,350,000	1.52	2,605,200(2)	1.68
Christine Lau Swee Eng	2,605,200	1.68	2,350,000(3)	1.52
Ibrahim Haji Baki	-	-	-	-
Awang Mohidin Bin Awang Saman	-	-	-	-
Katrina Ling Shiek Ngee	-	-	4,955,200(4)	3.20

(1) Deemed interest by virtue of his shareholding in WHT Industrials Sdn Bhd pursuant to section 6A of the Companies Act, 1965
(2) Deemed interest by virtue of the shareholding held by his spouse, Ms Christine Lau Swee Eng.
(3) Deemed interest by virtue of the shareholding held by her spouse, Mr Dennis Ling Li Kuang.
(4) Deemed interest by virtue of the shareholding held by her parents, Mr Dennis Ling Li Kuang & Ms Christine Lau Swee Eng.

* *Excluding a total of 765,600 shares bought back and retained as treasury shares*

Analysis of Shareholdings [contd.]

Thirty Largest Shareholders as at 23 February 2007

	NAME	NO. OF SHARES	% OF ISSUED* CAPITAL
1	Billion Power Sdn Bhd	27,410,597	17.71
2	TA Nominees (Tempatan) Sdn Bhd Account for Billion Power Sdn Bhd	8,897,758	5.75
3	Lembaga Tabung Haji	7,768,100	5.02
4	Inter-Pacific Equity Nominees (Asing) Sdn Bhd UOB Kay Hian Private Limited for BP Asset Management Incorporated	5,723,400	3.70
5	Inter-Pacific Equity Nominees (Asing) Sdn Bhd UOB Kay Hian Private Limited for Yarra Asset Management Incorporated	4,389,500	2.84
6	Malaysia Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad	3,995,000	2.58
7	SJ Sec Nominees (Tempatan) Sdn Bhd Account for Pau Chiong Ching	3,716,400	2.40
8	CIMSEC Nominees (Asing) Sdn Bhd CIMB Bank Account for Thananya Chumponkulwong	3,044,413	1.97
9	TA Nominees (Tempatan) Sdn Bhd Account for Goh Tai Siang	3,032,600	1.96
10	Kenanga Nominees (Tempatan) Sdn Bhd Account for Quality Concrete Holdings Berhad	3,000,000	1.94
11	HSBC Nominees (Asing) Sdn Bhd Exempt An for Morgan Stanley & Co. International Limited	2,900,000	1.87
12	TA Nominees (Tempatan) Sdn Bhd Account for Lanacove Sdn Bhd	2,675,100	1.73
13	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank Account for Pau Chiong Ching	2,582,200	1.67
14	HDM Nominees (Tempatan) Sdn Bhd Account for Billion Power Sdn Bhd	2,570,000	1.66
15	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Smallcap Fund	2,500,000	1.61
16	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Opportunities Fund	2,500,000	1.61
17	Mayban Nominees (Tempatan) Sdn Bhd Account for Ling Li Kuang	2,350,000	1.52
18	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for Prudential Assurance Malaysia Berhad	2,170,000	1.40
19	OSK Nominees (Tempatan) Sdn Bhd Account for Goh Tai Siang	2,014,000	1.30
20	OSK Nominees (Tempatan) Sdn Bhd Account for Pau Chiong Ching	1,951,040	1.26

Analysis of Shareholdings [contd.]

	NAME	NO. OF SHARES	% OF ISSUED* CAPITAL
21	HSBC Nominees (Tempatan) Sdn Bhd Exempt An for the Hongkong and Shanghai Banking Corporation Limited	1,888,700	1.22
22	CIMSEC Nominees (Asing) Sdn Bhd CIMB Bank for Kanjang Singhachatprichakul	1,837,157	1.19
23	AMMB Nominees (Tempatan) Sdn Bhd Account for WHT Industrials Sdn Bhd	1,712,502	1.11
24	CIMSEC Nominees (Tempatan) Sdn Bhd EON Finance Berhad for Pau Chiong Ching	1,623,716	1.05
25	HLG Nominees (Tempatan) Sdn Bhd Account for Tiang Ming Sing	1,600,000	1.03
26	OSK Nominees (Tempatan) Sdn Bhd Account for Vendalon Sdn Bhd	1,589,500	1.03
27	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Lau Swee Eng	1,445,000	0.93
28	Alliancegroup Nominees (Tempatan) Sdn Bhd Account for Richard Wee Liang Huat @ Richard Wee Liang Chiat	1,192,673	0.77
29	Alliancegroup Nominees (Tempatan) Sdn Bhd Account for Pau Chiong Ching	1,150,000	0.74
30	AMMB Nominees (Tempatan) Sdn Bhd Account for WHT Industrials Sdn Bhd	1,081,316	0.70
	TOTAL	**110,310,672**	**71.27**

* *Excluding a total of 765,600 shares bought back and held as treasury shares.*

HUBLINE BERHAD

(Company No. 23568-H)
(Incorporated in Malaysia)

Number of shares held	

FORM OF PROXY

(PLEASE FILL IN BLOCK LETTERS)

I/We, ...
(FULL NAME AND NRIC/PASSPORT NO.)

of ....
(FULL ADDRESS)

being a member/members of Hubline Berhad, do hereby appoint ....

....
(FULL NAME AND NRIC/PASSPORT NO.)

of .... or failing
(FULL ADDRESS)

him, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at Dewan Perpaduan II, 1st Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg 93000 Kuching, Sarawak, on Tuesday, 27th March 2007 at 11.00 a.m. or at any adjournment thereof in the manner indicated below:

	ORDINARY RESOLUTION	**FOR**	**AGAINST**
1.	To receive and adopt the Audited Financial Statement		
2.	To declare first and final Dividend of 3 sen		
3.	To re-elect Mr Ling Li Kuang as Director		
4.	To re-elect En. Ibrahim Bin Baki as Director		
5.	To approve Directors' fees		
6.	To re-appoint Messrs. Ernst & Young as Auditors of the Company		
7.	To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
8.	Renewal of Authority for the purchase of own shares by the Company		

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

Dated this.........................day of 2007

....
Signature(s)/Common Seal of Shareholder(s)

Notes:

(i) A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.

(ii) The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Sama Jaya Free Industrial Zone, Plot 9, Block 12, Off Jalan Setia Raja, P.O. Box A893, 93818 Kuching, Sarawak not later than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

(iii) The instrument appointing a proxy or proxies, in the case of an individual, shall be in writing under the name of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.

(iv) In the case of joint holdings, the vote of the first-named in the Register of Members will be accepted to the exclusion of other joint holders of the shares.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
HUBLINE BERHAD
Sama Jaya Free Industrial Zone
Plot 9, Block 12
Off Jalan Setia Raja
P.O.Box A893
93818 Kuching
Sarawak

1st fold here

HUBLine
Hubline Berhad

Sama Jaya Free Industrial Zone,
Plot 9, Block 12, Off Jalan Setia Raja,
P.O.Box A893, 93818 Kuching,
Sarawak, Malaysia.