HUBLINE BERHAD

(23568-H)

ANNUAL REPORT 2008

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Corporate Information

BOARD OF DIRECTORS

Dennis Ling Li Kuang
Executive Chairman/CEO

Richard Wee Liang Huat @ Richard Wee Liang Chiat
Independent Non- Executive Director

Yii Ming Sung
Non-Independent Executive 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 Liang Huat @ Richard Wee Liang Chiat

COMPANY SECRETARY

Yeo Puay Huang
(LS 000577)

AUDIT COMMITTEE

Ibrahim Bin Baki
Chairman
Independent Non-Executive Director

Richard Wee Liang Huat @ Richard Wee Liang Chiat
Member
Independent Non-Executive Director

Katrina Ling Shiek Ngee
Member
Non- Independent Non-Executive Director
Associate Member of Institute of Chartered Accountants in Australia

AUDITORS

Ernst & Young
3rd Floor, Wisma Bukit Mata Kuching,
Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak.
Tel : 6082-243233 Fax : 6082-421287

REGISTERED OFFICE

Wisma Hubline
Lease 3815 (Lot 10914) Section 64 KTLD
Jalan Datuk Abang Abdul Rahim
93450 Kuching, Sarawak
Tel : 6082-335393 Fax : 6082-337090

REGISTRAR AND TRANSFER OFFICE

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

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Name : Hubline
Stock Number : 7013

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

HUBLINE BERHAD

- 100% 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
  - 18.5% Bangpakong Terminal Public Company Ltd
  - 44.1% Platinum Container Lines Company Ltd
- 100% Grand Dragon Overseas Ltd
- 100% Hub Shipping (PNG) Co Limited
- 100% Highline Shipping Sdn Bhd
  - 100% Highline Asia Sdn Bhd
  - 100% Highline Bulk Sdn Bhd
  - 100% Highline Carrier Sdn Bhd
  - 100% Highline Delta Sdn Bhd
  - 100% Highline Equity Sdn Bhd
  - 100% Highline Fortune Sdn Bhd
  - 100% Highline Glory Sdn Bhd
  - 100% Highline Harbour Sdn Bhd
  - 100% Highline Integrated Sdn Bhd
  - 100% Highline Jade Sdn Bhd
  - 100% Highline Kinetic Sdn Bhd
  - 100% Highline Logistics Sdn Bhd
  - 100% Highline Mariner Sdn Bhd
  - 100% Highline Navigators Sdn Bhd
  - 100% Highline Oceanic Sdn Bhd
  - 100% Highline Pacific Sdn Bhd
  - 100% Highline Quest Sdn Bhd
  - 100% Highline Reliance Sdn Bhd
  - 100% Highline Strategic Sdn Bhd
  - 100% Highline Trader Sdn Bhd
  - 100% Highline Union Sdn Bhd
  - 100% Highline Vision Sdn Bhd
  - 100% Ever Line Shipping Sdn Bhd
  - 100% Ever Line Shipping Co Ltd
  - 100% Many Plus Enterprise Sdn Bhd
  - 100% Many Plus Engineering Sdn Bhd
  - 100% Many Plus Maritime Sdn Bhd
  - 100% Many Plus Enterprise Ltd

Executive Chairman and CEO’s Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of Hubline Berhad (‘Hubline’) for the financial year ended 30 September 2008.

ECONOMIC OVERVIEW

The financial year under review was challenging and unprecedented which saw a series of rapid fluctuating changes in economic environment. The operating environment started on a positive note for the first three quarters of the financial year but abruptly deteriorated from the final financial quarter. However, the Group managed to register positive results amid challenging and competitive conditions for the 2008 financial year.

FINANCIAL PERFORMANCE

As a whole, the Group performed credibly for 2008 financial year with revenue increased by about 44%, from RM 558 million for FY 2007 to RM 801 million for FY 2008. The increase in revenue was mainly due to contribution from the newly-acquired dry bulk business. However, profit before tax (PBT) decreased by about 22% from RM 51 million to RM 40 million while profit after tax (PAT) also decreased by 22% from RM 45 million to RM 35 million. The PBT and PAT declined despite the increase in revenue was mainly due to provision of impairment loss for the Group’s investment in its associated companies in Thailand amounting to RM 21 million and share of losses in associated companies of RM 11.9 million due to the uncertain political climate prevailing in the country.

OPERATIONS REVIEW

The financial year under review, which ended last September, was a challenging one for shipping industry which was confronted with unprecedented rapid rise in bunker cost followed by volatile market conditions in the second half of 2008 .

Operationally, the Group has mapped out strategies to capture trading opportunities in the markets we operate in. The acquisition of Highline Shipping Sdn Bhd (“Highline”) has enlarged the Group’s revenue base and also diversified the Group’s business portfolio into dry bulk business. The acquisition also enabled the Group to gain inroads into new market segments.

For FY 2008, the Group owns and operates a total of 40 vessels comprising container ships, handy-sized bulk carriers, tugs and barges. To sustain shipping demand, the Group relies on strategic planning and route management as well as its extensive network of 70 agents. Both the container shipping and dry bulk vessels operate in the intra-Asian region.

Overall, the Group remains focus on niche routes and efficient route management to maintain profit margins and fight off competition.

CORPORATE DEVELOPMENT

On 1 October 2007, Hubline entered into a conditional sales and purchase agreement with Many Plus Holdings Sdn Bhd to acquire the remaining 8,174,818 ordinary shares of RM 1.00 each representing 49.77% of the issue and paid-up capital of Highline for a purchase consideration of RM 106.2 million or RM 13.00 per share which was wholly satisfied by the issuance of about 158.6 million Hubline shares at an issue price of RM 0.67 each. The acquisition was completed on 22 April 2008 and Highline become a wholly owned subsidiary of Hubline.

DIVIDEND

In order to conserve cash due to the current economic slowdown, the Board has declared that no dividend will be paid during the year under review.

PROSPECTS

Going forward, 2009 is expected to be a tough year as the on-going volatile global economic conditions and financial crisis shows no signs of immediate recovery. As a result of the uncertain economic conditions and financial meltdown, there have since been sharp reversals in consumer demands . Shipping industry will be affected as cargo volume is expected to be affected accordingly.

Your Board and Management are mindful of the current uncertainties and difficult operating environment and will remain vigilant. Management will take necessary measures to ride the storm by reviewing and reorganizing all existing trade routes and continue to manage costs and strive towards remaining competitive in the markets we operate in.

Executive Chairman and CEO's Statement (contd.)

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend my appreciation to the Management and all employees of Hubline, both on-shore and on board of 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.

Dennis Ling Li Kuang
Executive Chairman/CEO

Directors' Profile

Mr Dennis Ling Li Kuang
Executive Chairman/CEO

Malaysian, aged 56, was designated as Executive Chairman and Chief Executive Officer of the Hubline Group on 28 April 2008. 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 the University of Wollongong in New South Wales, Australia in 1976 and is an associate member of the 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 Hubline Group . The principal activity of Hubline Group is the provision of Marine Cargo handling and shipping services.

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 several non-listed companies as non executive directors.

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

Mr Richard Wee Liang Huat @ Richard Wee Liang Chiat
Independent Non-Executive Director

Malaysian, aged 50, 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. He was designated as non-executive director on 28 April 2008. He is a director of Tai Sin Electric Cable Manufacturer Ltd., which is listed on the Stock Exchange of Singapore Dealing and Automated Quotation System. He is a member of the Audit Committee. He also sits on the Board of many non-listed companies.

Mr Richard Wee Liang Huat @ Richard Wee Liang Chiat is the brother-in-law of Mr Ernest Ho Keng Seng.

Mr Yii Ming Sung
Non-Independent Executive Director

Malaysian, aged 45, was appointed to the Board on 28 April 2008. A self-made businessman with vast experience in shipping operations, Mr Yii was the principal founder of Highline Shipping Sdn. Bhd. which became a wholly owned subsidiary of HUBLine on 22 April 2008. He has been the driving force behind the corporate development, growth and expansion of Highline Shipping Group. He also sits on the Board of several non-listed companies.

Ms Christine Lau Swee Eng
Non- Independent Non-Executive Director

Malaysian, aged 54, 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. Before joining Hub Shipping, she had been involved in travel industry and property development in Australia.

Ms Christine Lau Swee Eng is the wife of Mr Dennis Ling Li Kuang and mother of Ms Katrina Ling Shiek Ngee.

Directors' Profile (contd.)

Encik Ibrahim Bin Baki
Independent Non-Executive Director

Malaysian, aged 50, was appointed to the Board on 2 December 1996. He holds an Honours 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 30, a Chartered Accountant, was appointed to the Board on 13th February 2001. She graduated with a Bachelor of Commerce (Accounting & Finance) from Monash University Melbourne, Australia in 1999 and is an associate member of the Institute of Chartered Accountants in Australia. She worked in a public accountant firm between 2001 to 2006 and is currently involved in fund management. She also sits on the Board of several private companies. She is a member of the Audit Committee and member of Nomination and Remuneration Committees.

Ms Katrina Ling Shiek Ngee is the daughter of Mr Dennis Ling Li Kuang and Ms Christine Lau Swee Eng.

Haji Awang Mohidin Bin Awang Saman
Independent Non-Executive Director

Malaysian, aged 66, 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 Stated of America and also a member of the British Institute of Management. He was in Government service for many years and prior to his retirement, he was the General Manager of Rajang Port Authority. He is the Chairman of the Nomination and Remuneration Committees .

Mr Ernest Ho Keng Seng
Alternate to Mr Richard Wee Liang Huat @ Richard Wee Liang Chiat

Malaysian, aged 59, 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 Keng Seng is the brother-in-law of Mr Richard Wee Liang Huat @ Richard Wee Liang Chiat.

Note :

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

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

c) Please refer to page 19 for shareholdings of the directors in Hubline.

Statement on Corporate Governance

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 of the Code.

A THE BOARD OF DIRECTORS

(i) Responsibilities

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.

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 risks 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 2008, The Board has 7 members comprising:

- 1 Executive Chairman/CEO.
- 1 non-independent executive Director
- 2 non-independent non-executive Directors
- 3 independent non-executive Directors.

The composition of the Board reflects a balance of Executive, Non-executive and independent Directors with a good mix of skills and experience in shipping, law, management, finance and accounting and together they bring a balance of skills and a wealth of experience to effectively lead and manage the Company . The presence of the three Independent Non-Executive Directors fulfill a pivotal role in corporate accountability as they provide unbiased and independent judgement, advice and views. The profile of all the directors is set out on page 6 and 7 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 specialized 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.

Statement on Corporate Governance (contd.)

(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 10.

(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 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.

The Directors are encouraged to attend briefings and seminars to keep abreast with current developments in the industry as well as any changes in laws and regulations.

(vii) Directors Remuneration

For the financial year ended 30th September 2008, the Board was directly responsible for setting the policy framework and for making recommendations on remuneration packages and benefits extended to the Executive Chairman and all the Directors.

The Audited Financial Statements in this Annual Report contains the breakdown of the Directors' remuneration for the financial year ended 30th September 2008.

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 13 and 14 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 set the policy framework and recommend to the Board the remuneration packages and benefits and other terms of employment of Board members to ensure the remuneration packages of members reflect their responsibility and contribution
- To recommend to the Board the remuneration packages of Executive Directors to ensure the remuneration packages commensurate with the Executive Directors' contribution to the Group's growth and profitability.

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 twice during the financial year ended 30 September 2008.

(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 CEO 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 2008.

C. SHAREHOLDER COMMUNICATION

The Board acknowledges the need for shareholders to be informed of all development, events and business matters affecting the Company. 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 can access the Bursa Malaysia website at www.bursamalaysia.com . to obtain the latest information of the Group.

D. ACCOUNTABILITY AND AUDIT

(i) Internal Control

The Statement on 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 Board through the Audit Committee maintains a professional and transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards and statutory requirements.

Statement on Corporate Governance (contd.)

Directors' Responsibility Statement

The Directors are responsible to ensure that the financial statements of the Group and of the Company for each financial year are drawn up in accordance with the applicable approved accounting standards in Malaysia, the provision of the Companies Act, 1965 ("Act") and the listing requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The Directors have to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company.

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 Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with applicable approved accounting standards, the Act and the Listing Requirements. The Directors are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of frauds and other irregularities.

Corporate Social Responsibility

The Group recognizes the importance of a corporate culture that emphasizes good corporate social responsibility. In pursuing our business commitments, we acknowledge our social obligations to our employees, business associates and the communities in the environment we operate in.

During the year, the Group has initiated and continued to support worthy causes, among others, the Group provide scholarships to enable needy and deserving Malaysians to attain marine cadet courses in Akademi Laut Malaysia(ALAM) in our efforts to build a local pool of capable seafarers to meet the needs of the maritime industry. In addition, the Group has made donations to charitable and education establishments.

Other Disclosures

Share Buybacks

During the financial year ended 30 September 2008, the Company repurchased 1,200,000 of its issued ordinary shares from the open market at an average price of RM 0.65 per share. The shares repurchased are being held as treasury shares.

Date	No. of shares	Consideration (RM)	Highest price* (RM)	Lowest price* (RM)	Average price* (RM)
November 2007	1,200,000	781,046	0.66	0.64	0.65

To date, the total number of shares bought back and the shares retained as treasury shares is 4,090,000. Such treasury shares are held at a carrying amount of RM2,511,962.

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.

Statement on Corporate Governance (contd.)

Material Contracts

The Board has ensured that as at end of the financial year 30th September 2008, 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 2008, there was no proceed raised from any exercise.

Non-Audit Fee

There was no non-audit fees paid to external auditors for the year ended 30th September 2008.

Profit Guarantees

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

Variance in results

The audited results for the financial year ended 30 September 2008 differed from the unaudited results announced on 28 November 2008. The reconciliation and explanations thereof are as follows:-

	RM '000	Reasons
Unaudited profit for the year as previously announced	55,950	
Audit Adjustments in respect of :		
- Impairment loss on investment in associate companies	(21,000)	The impairment loss on investment in associate companies in Thailand was made as a result of continued uncertain political situation in Thailand and current turbulent global economic environment which adversely impaired the value of investment.
- Other audit adjustment	(15)	
Audited profit for the year	34,935	

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

Ibrahim Bin Baki - *Independent Non-Executive Director*
Chairman

Richard Wee Liang Huat @ Richard Wee Liang Chiat - *Independent Non-Executive Director*
Member

Katrina Ling Shiek Ngee - *Non-Independent Non-Executive Director*
Member
(Associate member of Institute of Chartered Accountants in Australia)

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 Audit Committee should comprise at least three directors, the majority of whom shall be independent non-executive members of the Board . The Committee shall elect a chairperson from among its members who is an independent non-executive director. At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants ('MIA') or have at least 3 years working experence and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified by Part II of the 1st Schedule of the Accountants Act 1967.

3. MEETINGS AND ATTENDENCE

The Audit Committee shall meet at least four(4) times a year, with authority to convene additional meetings, as circumstances require. A quorum shall consist of two members. The majority of members present must be independent directors. Directors, employees, auditors or other may attend meetings upon invitation of the Audit Committee.

The Company Secretary shall act as the Secretary of the Committee.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.

4. 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 authorized by the Board of Directors to investigate any activity within its term of reference. It is authorized 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 authorized 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.

5. 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.

6. DUTIES AND RESPONSIBILITIES

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

- review the internal audit plan and results of the internal audit process and the action taken on the recommendations of the internal function .
- 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 quarterly results and year end financial statements, prior to the approval by the Board of Directors.
- review any related party transactions that may arise within the Company.
- to consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.
- 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.

7. SUMMARY OF ACTIVITIES

There were 5 Audit Committee meetings held during the financial year ended 30th September 2008 with full attendance at each meeting.

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

(i) Reviewed the quarterly results/ announcements of the Group and made recommendations to the Board of Directors for approval prior to the release of the results to Bursa Malaysia Securities Berhad.
(ii) Review of the audit plan and scope of work prepared by both the internal and external auditors.
(iii) Reviewed the annual audited financial statements of the Group and made recommendation to the Board of Directors for approval.
(iv) Reviewed the internal audit reports and their findings and recommendations relating thereto.

8. INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department which reports to the Audit Committee and also assists the Board in maintaining a sound system of internal controls to mitigate risks and to safeguard the Group's assets. The principal role of the Group's Internal Audit Department is to undertake regular and systematic reviews of the system of financial and operational controls so as to ensure that the system of internal controls operates efficiently and effectively.
The Internal Audit Department focus its activities on key areas of business operations based on an internal audit plan which covers operational compliance and risk assessment of business process in the Group.
The Group's Ship Management Audit division performs scheduled audits on the Group's vessels . The audit objectives are to ensure that the Group's vessels are regularly maintained to enhance safety and reliability at all times and to meet various regulatory and commercial requirements which include audits, vetting/inspections by ship classification societies and Malaysian Marine Department.
Internal Audit reports, incorporating audit findings, recommendations and follow-up on corrective actions were submitted to the Audit committee.

Statement on Internal Control

INTRODUCTION

The Board is committed to fulfilling its responsibility of maintaining a sound system of internal control in the Group in accordance with the Malaysian Code on Corporate Governance. The Board 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 Listing Requirements of the Bursa Malaysia Securities Berhad.

RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal control which includes the establishment of appropriate control and framework as well as reviewing the adequacy and integrity of these systems. The Board is committed to maintaining a sound system of internal control and effective risk management policies to safeguard the shareholders' investment and its assets.

It is to be noted that the system of internal control is designed to manage and control risks 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 or the occurrence of unforeseeable circumstances.

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 organizational 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 generation of financial and operations reports for Management review.

- The Audit Committee reviews the quarterly and annual financial statements and results announcements and recommended to the Board for approval and also review any related party transaction and conflict of interest situation

- The Executive Directors meet with senior management regularly to discuss and resolve key operational, financial, personnel and related management issues.

- The Ship Management Audit Division performs scheduled audits on the Group's vessels. The audit on the vessels' physical and operational conditions are to ensure that the vessels are regularly maintained to enhance safety and reliability at all times. In addition, the Group's vessels are subject to stringent regulatory and commercial requirements. The vessels are International Safety Management (ISM) compliant and certified by class surveyors.

- Regular internal audit reviews are carried out to monitor compliance with operational and financial procedures and to review and assess risks the Group's operations are exposed to. The periodic reviews carried out by the Internal Audit Department are reported to the Board through the Audit Committee.

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 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. The Board recognizes that the development of internal control system is an ongoing process. Therefore, in striving for continuous improvement, the Board will continue to take appropriate action plans to further enhance the Group's system of internal control.

The statement is made in accordance with a resolution of the Board of Directors dated 27 February 2009.

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FINANCIAL STATEMENTS

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 2008.

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, trading, 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 RM	**Company** RM
Profit/(loss) for the year	34,934,803	(66,555,637)
Attributable to:		
Equity holders of the Company	21,857,302	(66,555,637)
Minority interests	13,077,501	-
	34,934,803	(66,555,637)

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

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 other than:

(i) the negative goodwill arising from the acquisition of additional 49.77% interest in a subsidiary, Highline Shipping Sdn. Bhd. resulting in an increase in the Group's profit for the year by RM31,551,543 as disclosed in Note 14(a) to the financial statements;

(ii) provision for impairment losses on investment in associates resulting in a decrease in the Group's profit for the year by RM21 million as disclosed in Note 15 to the financial statements; and

(iii) provision for doubtful debts on amount due from subsidiaries resulting in a decrease in the Company's profit for the year by RM73,223,142 as disclosed in Note 16 to the financial statements.

Dividends

The amount of dividends paid by the Company since 30 September 2007 was as follows:

	RM
In respect of the financial year ended 30 September 2007:	
First and final tax exempt dividend of 0.3 sen per share, on 1,243,352,842 ordinary shares, declared on 31 March 2008 and paid on 30 May 2008	3,730,058

Directors' Report (contd.)

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)
Yii Ming Sung (appointed on 28 April 2008)

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 8 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' 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 RM0.20 Each ------>			
	1.10.2007/ Date of appointment	**Acquired**	**Sold**	**30.9.2008**
Direct Interest:				
Richard Wee Liang Huat @ Richard Wee Liang Chiat	1,043,000	-	-	1,043,000
Ling Li Kuang	20,198,711	-	-	20,198,711
Lau Swee Eng	26,286,400	-	-	26,286,400
Yii Ming Sung	67,630,302		-	67,630,302
Indirect interest:				
Ling Li Kuang	32,102,000	-	-	32,102,000
Lau Swee Eng	26,014,311	-	-	26,014,311
Yii Ming Sung	11,700,747	-	-	11,700,747

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.

Issue of Shares

During the financial year, the Company increased its paid-up share capital from RM217,765,394 to RM249,488,568 by issuance of 158,615,872 new ordinary shares of RM0.20 each at RM0.67 each as purchase consideration for the acquisition of additional 49.77% interest in Highline Shipping Sdn. Bhd.

Treasury Shares

During the financial year, the Company repurchased 1,200,000 of its issued ordinary shares from the open market at an average price of RM0.65 per share. The total consideration paid for the repurchase including transaction costs was RM781,046. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 September 2008, the Company held as treasury shares a total of 4,090,000 of its 1,247,442,842 issued ordinary shares. Such treasury shares are held at a carrying amount of RM2,511,962 and further relevant details are disclosed in Note 20 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.

(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

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 14 and 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 dated 23 January 2009.

Richard Wee Liang Huat @
Richard Wee Liang Chiat

Ling Li Kuang

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 71 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2008 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 dated 23 January 2009.

**Richard Wee Liang Huat @
Richard Wee Liang Chiat**

Ling Li Kuang

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 71 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, l960.

Subscribed and solemnly declared by
the abovenamed **Ling Li Kuang**
at Kuching in the State of Sarawak
on 23 January 2009.

Ling Li Kuang

Before me,

Independent Auditors' Report to the Members of Hubline Berhad
(Incorporated in Malaysia)

Report on the financial Statements

We have audited the financial statements of **Hubline Berhad**, which comprise the balance sheets as at 30 September 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 71.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.

(c) We are satisfied that the accounts 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.

(d) The auditors' reports on the accounts 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.

Independent Auditors' Report to the Members of Hubline Berhad
(Incorporated in Malaysia) (contd.)

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

YONG CHUNG SING
1052/09/10 (J)
Chartered Accountant

Kuching, Malaysia
Date: 23 January 2009.

Consolidated Income Statement For the Year Ended 30 September 2008

	Note	2008 RM	2007 RM
Revenue	3	800,558,332	557,613,366
Cost of sales		(721,471,879)	(458,533,473)
Gross Profit		79,086,453	99,079,893
Other income	4	64,522,736	8,416,329
Administrative expenses		(69,052,194)	(33,755,879)
Operating Profit		74,556,995	73,740,343
Finance costs	5	(22,435,130)	(17,202,129)
Share of loss of associates		(11,854,736)	(5,464,738)
Profit Before Tax	6	40,267,129	51,073,476
Income tax expense	9	(5,332,326)	(5,854,244)
Profit for the Year		34,934,803	45,219,232
Attributable to:			
Equity holders of the Company		21,857,302	35,763,029
Minority interests		13,077,501	9,456,203
		34,934,803	45,219,232
Earnings Per Share Attributable to Equity Holders of the Company (sen):			
Basic	10	1.9	3.3

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

Consolidated Balance Sheet As at 30 September 2008

	Note	2008 RM	2007 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	490,942,140	496,433,764
Intangible assets	13	85,111,455	85,553,373
Investments in associates	15	32,296,579	70,688,694
Other receivables	18	5,053,125	5,011,230
Deferred tax assets	25	62,821	21,342
		613,466,120	657,708,403
Current Assets			
Inventories	17	40,029,388	36,259,523
Trade and other receivables	18	153,594,164	148,249,684
Cash and bank balances	19	148,807,717	87,847,388
		342,431,269	272,356,595
TOTAL ASSETS		955,897,389	930,064,998
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Company			
Share capital	20	249,488,568	217,765,394
Share premium	20	35,008,054	5,364,573
Treasury shares	20	(2,511,962)	(1,730,916)
Foreign currency translation reserve	21	(2,972,776)	8,604
Retained earnings		197,000,702	178,873,458
		476,012,586	400,281,113
Minority Interests		-	80,334,232
Total Equity		476,012,586	480,615,345
Non-Current Liabilities			
Borrowings	22	302,185,467	267,388,443
Deferred tax liabilities	25	15,663,851	18,497,371
		317,849,318	285,885,814
Current Liabilities			
Borrowings	22	102,416,543	123,434,124
Trade and other payables	24	57,375,544	38,627,009
Current tax payable		2,243,398	1,502,706
		162,035,485	163,563,839
Total Liabilities		479,884,803	449,449,653
TOTAL EQUITY AND LIABILITIES		955,897,389	930,064,998

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

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2008

		Attributable to Equity Holders of the Company							
			Non-Distributable			Distributable			
	Note	Share Capital (Note 20) RM	Share Premium (Note 20) RM	Treasury Shares (Note 20) RM	Foreign Currency Translation Reserve (Note 21) RM	Retained Earnings RM	Total RM	Minority Interests RM	Total Equity RM
At 1 October 2007		217,765,394	5,364,573	(1,730,916)	8,604	178,873,458	400,281,113	80,334,232	480,615,345
Foreign currency translation, representing net expense recognised directly in equity		-	-	-	(2,981,380)	-	(2,981,380)	-	(2,981,380)
Profit for the year		-	-	-	-	21,857,302	21,857,302	13,077,501	34,934,803
Total recognised income and expense for the year		-	-	-	(2,981,380)	21,857,302	18,875,922	13,077,501	31,953,423
Dividends	11	-	-	-	-	(3,730,058)	(3,730,058)	-	(3,730,058)
Issue of ordinary shares pursuant to acquisition of additional interest in subsidiary		31,723,174	29,643,481	-	-	-	61,366,655	(93,411,733)	(32,045,078)
Treasury shares:									
Purchased	20(b)	-	-	(778,200)	-	-	(778,200)	-	(778,200)
Transaction costs	20(b)	-	-	(2,846)	-	-	(2,846)	-	(2,846)
At 30 September 2008		249,488,568	35,008,054	(2,511,962)	(2,972,776)	197,000,702	476,012,586	-	476,012,586

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2008 (contd.)

		Attributable to Equity Holders of the Company							
			Non-Distributable			Distributable			
	Note	Share Capital (Note 20)	Share Premium (Note 20)	Treasury Shares (Note 20)	Foreign Currency Translation Reserve (Note 21)	Retained Earnings	Total	Minority Interests	Total Equity
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 October 2006		155,546,710	66,845,342	(1,163,353)	1,507,015	147,753,862	370,489,576	-	370,489,576
Foreign currency translation, representing net expense recognised directly in equity		-	-	-	(1,498,411)	-	(1,498,411)	-	(1,498,411)
Profit for the year		-	-	-	-	35,763,029	35,763,029	9,456,203	45,219,232
Total recognised income and expense for the year		-	-	-	(1,498,411)	35,763,029	34,264,618	9,456,203	43,720,821
Acquisition of subsidiary		-	-	-	-	-	-	70,878,029	70,878,029
Dividends	11	-	-	-	-	(4,643,433)	(4,643,433)	-	(4,643,433)
Issue of ordinary shares pursuant to bonus issue		62,218,684	(62,218,684)	-	-	-	-	-	-
Treasury shares:									
Sold		-	745,027	1,163,353	-	-	1,908,380	-	1,908,380
Purchased		-	-	(1,725,041)	-	-	(1,725,041)	-	(1,725,041)
Transaction costs		-	(7,112)	(5,875)	-	-	(12,987)	-	(12,987)
At 30 September 2007		217,765,394	5,364,573	(1,730,916)	8,604	178,873,458	400,281,113	80,334,232	480,615,345

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

Consolidated Cash Flow Statement For the Year Ended 30 September 2008

	Note	2008 RM	2007 RM
Cash Flows from Operating Activities			
Profit before tax		40,267,129	51,073,476
Adjustments for:			
Interest income	4	(3,345,091)	(3,189,762)
Gain on disposal of property, plant and equipment	4, 6	(21,139,511)	(447,589)
Negative goodwill	4	(31,551,543)	-
Interest expense	5	22,435,130	17,202,129
Amortisation of intangible assets	6	441,918	481,319
Bad debts (recovered)/written off	4, 6	(212,897)	546,595
Property, plant and equipment written off	6	624,838	652
Provision for doubtful debts	6	443,650	5,737,801
Depreciation of property, plant and equipment	6	31,560,458	22,110,453
Unrealised foreign exchange (gains)/losses	4, 6	(4,058,004)	374,254
Impairment losses on investment in associates	6	21,000,000	-
Share of loss in associates		11,854,736	5,464,738
Operating profit before working capital changes		68,320,813	99,354,066
Increase in inventories		(3,769,865)	(8,266,244)
(Increase)/decrease in receivables		(3,317,837)	7,629,833
Increase in payables		22,313,004	3,320,955
Cash generated from operations		83,546,115	102,038,610
Interest paid		(22,435,130)	(17,202,129)
Tax refunded		29,424	-
Taxes paid		(4,272,523)	(7,320,047)
Net cash generated from operating activities		56,867,886	77,516,434
Cash Flows from Investing Activities			
Acquisition of subsidiaries		-	(35,267,525)
Purchase of software development cost		-	(156,727)
Purchase of property, plant and equipment		(79,131,713)	(144,269,994)
Proceeds from disposal of property, plant and equipment		73,592,106	7,931,856
Interest received		3,345,091	3,189,762
Net cash used in investing activities		(2,194,516)	(168,572,628)
Cash Flows from Financing Activities			
Proceeds from disposal of treasury shares		-	1,901,268
Purchase of treasury shares		(781,046)	(1,730,916)
Repayment of hire purchase and lease financing		(372,960)	(234,828)
Net drawdown of other borrowings		15,463,948	97,503,768
Dividend paid		(3,730,058)	(4,643,433)
Net cash generated from financing activities		10,579,884	92,795,859
Net Increase in Cash and Cash Equivalents		65,253,254	1,739,665
Cash and Cash Equivalents at Beginning of Year		84,965,220	84,723,966
Effects of Exchange Rate Changes		(2,981,380)	(1,498,411)
Cash and Cash Equivalents at End of Year	19	147,237,094	84,965,220

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

Income Statement For the Year Ended 30 September 2008

	Note	2008 RM	2007 RM
Revenue	3	12,000,000	12,000,000
Other income	4	15,471,086	10,892,648
Administrative expenses		(76,775,704)	(6,989,751)
Operating Profit		(49,304,618)	15,902,897
Finance costs	5	(17,251,019)	(13,899,636)
(Loss)/Profit Before Tax	6	(66,555,637)	2,003,261
Income tax expense	9	-	-
(Loss)/Profit for the Year		(66,555,637)	2,003,261

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

Balance Sheet As at 30 September 2008

	Note	2008 RM	2007 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	6,655	3,772
Investments in subsidiaries	14	307,818,181	248,039,874
Amount due from subsidiaries	16	206,927,883	280,098,497
		514,752,719	528,142,143
Current Assets			
Other receivables	18	331,715	88,476
Cash and bank balances	19	3,279,236	3,289,467
		3,610,951	3,377,943
TOTAL ASSETS		518,363,670	531,520,086
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Company			
Share capital	20	249,488,568	217,765,394
Share premium	20	35,008,054	5,364,573
Treasury shares	20	(2,511,962)	(1,730,916)
(Accumulated losses)/retained earnings		(61,584,795)	8,700,900
Total Equity		220,399,865	230,099,951
Non-Current Liabilities			
Borrowings	22	294,280,867	249,058,950
Current Liabilities			
Borrowings	22	1,896,464	50,749,083
Trade and other payables	24	1,763,231	1,612,102
Tax payable		23,243	-
		3,682,938	52,361,185
Total Liabilities		297,963,805	301,420,135
TOTAL EQUITY AND LIABILITIES		518,363,670	531,520,086

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

Company Statement of Changes in Equity
For the Year Ended 30 September 2008

	Note	Share Capital (Note 20) RM	Non-Distributable Share Premium (Note 20) RM	Non-Distributable Treasury Shares (Note 20) RM	(Accumulated Losses)/ Distributable Retained Earnings RM	Total Equity RM
At 1 October 2006		155,546,710	66,845,342	(1,163,353)	11,341,072	232,569,771
Profit for the year, representing total recognised income and expense for the year		-	-	-	2,003,261	2,003,261
Dividends	11	-	-	-	(4,643,433)	(4,643,433)
Issue of ordinary shares pursuant to bonus issue		62,218,684	(62,218,684)	-	-	-
Treasury shares:						
Sold		-	745,027	1,163,353	-	1,908,380
Purchased		-	-	(1,725,041)	-	(1,725,041)
Transaction costs		-	(7,112)	(5,875)	-	(12,987)
At 30 September 2007		217,765,394	5,364,573	(1,730,916)	8,700,900	230,099,951
Loss for the year, representing total recognised income and expense for the year		-	-	-	(66,555,637)	(66,555,637)
Dividends	11	-	-	-	(3,730,058)	(3,730,058)
Issue of ordinary shares pursuant to acquisition of additional interest in subsidiary	20(a)	31,723,174	29,643,481	-	-	61,366,655
Treasury shares:						
Purchased	20(b)	-	-	(778,200)	-	(778,200)
Transaction costs	20(b)	-	-	(2,846)	-	(2,846)
At 30 September 2008		249,488,568	35,008,054	(2,511,962)	(61,584,795)	220,399,865

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

Cash Flow Statement For the Year Ended 30 September 2008

	Note	2008 RM	2007 RM
Cash Flows from Operating Activities			
(Loss)/profit before tax		(66,555,637)	2,003,261
Adjustments for:			
Dividend income	3	(12,000,000)	(12,000,000)
Interest income	4	(11,824,751)	(10,892,648)
Interest expense	5	17,251,019	13,899,636
Depreciation of property, plant and equipment	6	2,624	2,001
Impairment losses on investment in subsidiaries	6	2,081,883	-
Unrealised foreign exchange (gain)/losses	4, 6	(3,646,335)	5,841,982
Provision for doubtful debts	6	73,223,142	-
Operating loss before working capital changes		(1,468,055)	(1,145,768)
Increase in receivables		(1,574,558)	(1,498,362)
Decrease in payables		(342,407)	(34,365)
Cash used in operations		(3,385,020)	(2,678,495)
Interest paid		(17,251,019)	(13,899,636)
Tax refunded		29,424	-
Taxes paid		(881)	(881)
Net cash used in operating activities		(20,607,496)	(16,579,012)
Cash Flows from Investing Activities			
Acquisition of subsidiaries		-	(86,739,864)
Advances to subsidiaries		3,593,807	(9,793,978)
Purchase of property, plant and equipment		(5,507)	-
Interest received		11,824,751	10,892,648
Net dividends received		12,000,000	12,000,000
Net cash generated from/(used in) investing activities		27,413,051	(73,641,194)
Cash Flows from Financing Activities			
Sales of treasury shares		-	1,901,268
Purchase of treasury shares		(781,046)	(1,730,916)
Dividends paid		(3,730,058)	(4,643,433)
Net (repayment)/drawdown of borrowings		(2,347,960)	82,000,000
Net cash (used in)/generated from financing activities		(6,859,064)	77,526,919
Net Increase/(Decrease) in Cash and Cash Equivalents		(53,509)	(12,693,287)
Cash and Cash Equivalents at Beginning of Year		2,436,281	15,129,568
Cash and Cash Equivalents at End of Year	19	2,382,772	2,436,281

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

Notes to the Financial Statements - 30 September 2008

1. Corporate Information

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 Wisma Hubline, Lease 3815 (Lot 10914), Section 64, KTLD, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 14. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 January 2009.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for the current financial year as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(a) Subsidiaries and Basis of Consolidation (contd.)

(ii) Basis of Consolidation (contd.)

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(d) Other Intangible Assets

Other intangible assets represent the development costs incurred for computer software and other related expenses of the Group. Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of the Group's software development costs is assessed to be finite and amortised on a straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

(e) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for vessels under construction are stated at cost less accumulated depreciation and any accumulated impairment losses.

Vessels under construction are not depreciated as these assets are not available for use. Depreciation of vessels under construction commences from the date of delivery of the vessels.

Depreciation of vessels in operation, 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 30 years
Containers and port equipment	10 years

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(f) Impairment of Non-financial Assets

The carrying amounts of assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(f) Impairment of Non-financial Assets (contd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(g) Inventories

Inventories comprise bunker, lubricant, ship stores and spare parts held for own consumption and 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.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(h) 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) 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.

(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.

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(h) Financial Instruments (contd.)

(iii) Trade payables

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

(iv) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(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.

(i) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance leases - the Group as lessee

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. Any initial direct costs are also added to the carrying amount of such assets.

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 in the profit or loss 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 2.2(e).

(iii) Operating leases - the Group as lessee

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

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) 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. 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 as income or an expense and included in the profit or loss for the period, 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 the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

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.

(l) Drydocking Expenditure

Drydocking expenditure is capitalized and depreciated over a period of 5 years or the period until the next drydocking date, whichever is shorter.

(m) 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.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees' Provident Fund ("EPF").

Notes to the Financial Statements - 30 September 2008 (contd.)

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(n) Foreign Currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(o) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Freight revenue

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

(ii) Charter income

Income 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) Equipment rental income

Income from rental of equipment is recognised on an accrual basis.

(v) Sale of goods

Revenue is recognised upon transfer of significant risks and rewards of ownership to the buyer.

(vi) Dividend income

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

(vii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 October 2007, the Group and the Company adopted the following revised FRS, amendment to FRS, and Interpretations:

FRS 6	:	Exploration for and Evaluation of Mineral Resources
FRS 107	:	Cash Flow Statements
FRS 111	:	Construction Contracts
FRS 112	:	Income Taxes
FRS 118	:	Revenue
FRS 120	:	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	:	Interim Financial Reporting
FRS 137	:	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	:	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	:	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	:	Applying the Restatement Approach under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	:	Scope of FRS 2

Notes to the Financial Statements - 30 September 2008 (contd.)

2. Significant Accounting Policies (contd.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (contd.)

The revised FRS, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group and the Company.

2.4 Standards Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS and Interpretations			Effective for financial periods beginning on or after
FRS 7	:	Financial Instruments: Disclosures	1 January 2010
FRS 8	:	Operating Segments	1 July 2009
FRS 139	:	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	:	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	:	Interim Financial Reporting and Impairment	1 January 2010

The new FRS and Interpretations above are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2.5 Significant Accounting Estimates and Judgements

(a) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 30 September 2008 was RM84,617,272 (2007: RM84,617,272).

(ii) Impairment of software development costs and property, plant and equipment

The Group's impairment test is based on a variety of estimation including the value-in-use of the CGU to which the development costs and property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of software development costs (included within intangible assets) and property, plant and equipment of the Group as at 30 September 2008 was RM494,183 (2007: RM936,101) and RM490,942,140 (2007: RM496,433,764) respectively.

(iii) Depreciation of vessels

The cost of vessels is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these vessels to be between 30 and 38 years. Changes in the expected level of usage and regulations could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3. Revenue

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Dividend income	-	-	12,000,000	12,000,000
Shipping and related activities	617,500,094	528,460,290	-	-
Trading activities	183,058,238	29,153,076	-	-
	800,558,332	557,613,366	12,000,000	12,000,000

4. Other Income

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Interest income	3,345,091	3,189,762	11,824,751	10,892,648
Insurance recovery	1,043,909	4,237,363	-	-
Gain on disposal of property, plant and equipment	21,310,335	447,589	-	-
Rental income	12,000	-	-	-
Foreign exchange gains:				
- realised	138,809	218,484	-	-
- unrealised	4,058,004	-	3,646,335	-
Negative goodwill (Note 14(a))	31,551,543	-	-	-
Bad debts recovered	212,897	-	-	-
Miscellaneous	2,850,148	323,131	-	-
	64,522,736	8,416,329	15,471,086	10,892,648

5. Finance Costs

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Interest expense on:				
Borrowings	10,636,638	6,309,857	5,452,527	3,007,364
Islamic Private Debt Securities	11,798,492	10,892,272	11,798,492	10,892,272
	22,435,130	17,202,129	17,251,019	13,899,636

6. Profit/(Loss) Before Tax

The following amounts have been included in arriving at profit/(loss) before tax:

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Employee benefits expense (Note 7)	45,175,448	42,299,230	69,571	118,933
Non-executive directors' remuneration (Note 8)	382,383	612,247	82,500	60,000
Auditors' remuneration:				
Statutory audits				
- current year	325,650	312,362	22,000	22,000
- (over)/underprovision in prior year	(10,950)	36,440	-	1,500
Amortisation of intangible assets	441,918	481,319	-	-
Charter hire of vessels	52,344,432	51,757,028	-	-
Depreciation of property, plant and equipment (Note 12)	31,560,458	22,110,453	2,624	2,001

Notes to the Financial Statements - 30 September 2008 (contd.)

6. Profit/(Loss) Before Tax (contd.)

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Rental of premises	1,530,355	1,258,063	60,968	48,000
Bad debts written off	-	546,595	-	-
Incorporation expenses written off	-	5,000	-	-
Inventories written back	-	(592,464)	-	-
Loss on disposal of property, plant and equipment	170,824	-	-	-
Property, plant and equipment written off	624,838	652	-	-
Provision for doubtful debts:				
- subsidiaries	-	-	73,223,142	-
- others	443,650	5,737,801	-	-
Foreign exchange losses:				
- realised	2,449,213	1,643,703	-	-
- unrealised	-	374,254	-	5,841,982
Impairment losses on investment in:				
- subsidiaries	-	-	2,081,883	-
- associates	21,000,000	-	-	-

7. Employee Benefits Expense

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Wages and salaries	41,212,227	37,804,199	62,861	107,863
Contributions to defined contribution plan	1,701,471	1,439,450	6,429	10,992
Social security contributions	115,217	93,167	-	-
Other staff related expenses	2,146,533	2,962,414	281	78
	45,175,448	42,299,230	69,571	118,933

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM8,134,738 (2007: RM2,166,224) and RM22,500 (2007: RM10,000) respectively as further disclosed in Note 8.

8. Directors' Remuneration

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Executive directors' remuneration (Note 7) :				
Fees	110,212	49,424	22,500	10,000
Other emoluments	8,024,526	2,116,800	-	-
	8,134,738	2,166,224	22,500	10,000
Non-executive directors' remuneration (Note 6) :				
Fees	205,423	141,847	75,000	60,000
Other emoluments	176,960	470,400	-	-
	382,383	612,247	75,000	60,000
Total directors' remuneration (Note 29(b))	8,517,121	2,778,471	97,500	70,000

8. Directors' Remuneration (contd.)

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Estimated money value of benefits-in-kind	46,150	47,950	-	-
	8,563,271	2,826,421	97,500	70,000

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Executive:				
Salaries and other emoluments	1,852,813	721,800	-	-
Fees	129,590	49,424	32,500	10,000
Bonus	-	135,000	-	-
	1,982,403	906,224	32,500	10,000
Non-executive:				
Fees	319,250	125,424	95,000	60,000
Other emoluments	3,588,750	470,400	-	-
	3,908,000	595,824	95,000	60,000
	5,890,403	1,502,048	127,500	70,000

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 2008	Number of Directors 2007
Executive directors:		
RM900,001 - RM950,000	-	1
RM2,850,001 - RM2,900,000	1	-
RM4,200,001 - RM4,250,000	1	-
Non-executive directors:		
Below RM50,000	4	4
RM500,001 - RM550,000	-	1
RM600,001 - RM650,000	1	-

9. Income Tax Expense

	Group		Company	
	2008 RM	**2007** RM	**2008** RM	**2007** RM
Current income tax:				
Malaysian income tax	8,207,325	2,868,594	-	-
Underprovision in prior years:				
Malaysian income tax	-	-	-	-
Foreign tax	-	2,065	-	-
	-	2,065	-	-
	8,207,325	2,870,659	-	-
Deferred tax (Note 25):				
Relating to origination and reversal of temporary differences	(2,383,841)	2,911,447	-	-
Relating to reduction in income tax rate	(452,012)	(4,782)	-	-
Over/(under) provision in prior years	(39,146)	76,920	-	-
	(2,874,999)	2,983,585	-	-
Total income tax expense	5,332,326	5,854,244	-	-

Domestic current income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 30 September 2008 has reflected these changes. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(loss) 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:

	2008 RM	**2007** RM
Group		
Profit before tax	40,267,129	51,073,476
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	10,469,452	13,789,839
Effect of income subject to tax rate of 20%	(290,230)	(126,090)
Effect of reduction in tax rate	(449,287)	(4,782)
Income not subject to tax	(33,447,685)	(21,914,126)
Expenses not deductible for tax purposes	23,599,794	9,352,305
Effect of utilisation of previously unrecognised capital allowances	-	(8,715)
Deferred tax assets not recognised in respect of current year's tax losses	5,489,428	4,686,828
(Over)/underprovision of deferred tax in prior years	(39,146)	76,920
Underprovision of tax expense in prior years	-	2,065
Income tax expense for the year	5,332,326	5,854,244

9. Income Tax Expense (contd.)

	2008 RM	2007 RM
Company		
(Loss)/profit before taxation	(66,555,637)	2,003,261
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(17,304,466)	540,880
Income not subject to tax	-	(3,240,000)
Expenses not deductible for tax purposes	17,304,466	2,699,120
Income tax expense for the year	-	-

10. Earnings Per Share

(a) Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Group 2008	Group 2007
Profit attributable to ordinary equity holders of the Company (RM)	21,857,302	35,763,029
Weighted average number of ordinary shares in issue	1,155,107,930	1,085,383,044
Basic earnings per share (sen)	1.9	3.3

(b) There is no diluted earnings per share as the Company does not have any potential ordinary shares outstanding as at 30 September 2008.

11. Dividends

	Dividends in respect of Year 2008 RM	Dividends in respect of Year 2007 RM	Dividends recognised in Year 2008 RM	Dividends recognised in Year 2007 RM
Recognised during the year:				
First and final dividend for 2006:				
Tax exempt dividend of 3.0 sen per ordinary share, on 154,781,110 ordinary shares	-	-	-	4,643,433
First and final dividend for 2007:				
Tax exempt dividend of 0.3 sen per ordinary share, on 1,243,352,842 ordinary shares	-	3,730,058	3,730,058	-

Notes to the Financial Statements - 30 September 2008 (contd.)

12. Property, Plant and Equipment

Group	Furniture, Fittings &Motor Vehicles RM	Plant & Machinery RM	Vessels &Vessel Equipment RM	Containers & Port Equipment RM	Total RM
At 30 September 2008					
Cost					
At 1 October 2007	14,623,337	4,218,844	646,020,965	20,926,748	685,789,894
Additions	689,338	-	75,620,935	2,821,440	79,131,713
Disposals	(77,256)	-	(78,590,859)	-	(78,668,115)
Exchange differences	60,552	-	5,976	-	66,528
Reclassification	(688,729)	(2,126,117)	2,814,846	-	-
Write-off	(2,145,253)	-	(2,914,075)	-	(5,059,328)
At 30 September 2008	12,461,989	2,092,727	642,957,788	23,748,188	681,260,692
Accumulated Depreciation					
At 1 October 2007	8,949,772	1,295,713	163,727,909	15,382,736	189,356,130
Depreciation charge for the year:					
Recognised in profit or loss (Note 6)	1,552,858	196,213	27,587,880	2,223,507	31,560,458
Disposals	(75,600)	-	(26,139,920)	-	(26,215,520)
Exchange differences	37,523	-	14,451	-	51,974
Reclassification	(344,764)	(550,119)	894,883	-	-
Write-off	(2,044,854)	-	(2,389,636)	-	(4,434,490)
At 30 September 2008	8,074,935	941,807	163,695,567	17,606,243	190,318,552
Net Carrying Amount	4,387,054	1,150,920	479,262,221	6,141,945	490,942,140

Group	Buildings RM	Furniture, Fittings &Motor Vehicles RM	Plant & Machinery RM	Vessels &Vessel Equipment RM	Containers & Port Equipment RM	Total RM
At 30 September 2007						
Cost						
At 1 October 2006	344,601	10,641,299	-	410,035,427	20,880,830	441,902,157
Additions	-	1,955,344	296,779	142,882,953	45,918	145,180,994
Disposals	(344,601)	(421,319)	-	(7,211,459)	-	(7,977,379)
Acquisition of subsidiaries	-	2,546,727	3,922,065	100,314,044	-	106,782,836
Exchange differences	-	(18,431)	-	-	-	(18,431)
Reclassification	-	(79,500)	-	-	-	(79,500)
Write-off	-	(783)	-	-	-	(783)
At 30 September 2007	-	14,623,337	4,218,844	646,020,965	20,926,748	685,789,894

12. Property, Plant and Equipment (contd.)

Group (contd.)	Buildings RM	Furniture, Fittings &Motor Vehicles RM	Plant & Machinery RM	Vessels &Vessel Equipment RM	Containers & Port Equipment RM	Total RM
At 30 September 2007						
Accumulated Depreciation						
At 1 October 2006	67,197	6,773,344	-	135,781,021	13,289,679	155,911,241
Depreciation charge for the year: Recognised in profit or loss (Note 6)	4,595	950,867	345,613	18,716,321	2,093,057	22,110,453
Disposals	(71,792)	(421,320)	-	-	-	(493,112)
Acquisition of subsidiaries	-	1,693,739	950,100	9,230,567	-	11,874,406
Exchange differences	-	(8,964)	-	-	-	(8,964)
Reclassification	-	(37,763)	-	-	-	(37,763)
Write-off	-	(131)	-	-	-	(131)
At 30 September 2007	-	8,949,772	1,295,713	163,727,909	15,382,736	189,356,130
Net Carrying Amount	-	5,673,565	2,923,131	482,293,056	5,544,012	496,433,764

Company	Furniture & Fittings RM
At 30 September 2008	
Cost	
At 1 October 2007	98,108
Additions	5,507
At 30 September 2008	103,615
Accumulated Depreciation	
At 1 October 2007	94,336
Depreciation charge for the year: Recognised in profit or loss (Note 6)	2,624
At 30 September 2008	96,960
Net Carrying Amount	6,655

Notes to the Financial Statements - 30 September 2008 (contd.)

12. Property, Plant and Equipment (contd.)

Company (contd.)	**Furniture & Fittings** RM
At 30 September 2007	
Cost	
At 1 October 2006/30 September 2007	98,108
Accumulated Depreciation	
At 1 October 2006	92,335
Depreciation charge for the year:	
Recognised in profit or loss (Note 6)	2,001
At 30 September 2007	94,336
Net Carrying Amount	3,772

(a) During the financial year, the Group acquired property, plant and equipment at the aggregate cost of RM79,131,713 (2007: RM145,180,994), of which Nil (2007: RM911,000) 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	
	2008 RM	**2007** RM
Furniture, fittings & motor vehicles	1,156,614	1,707,930

(b) The net carrying amount 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 22 are as follows:

	Group	
	2008 RM	**2007** RM
Vessels and vessel equipment	223,811,898	276,406,036

13. Intangible Assets

	Goodwill	Software Development Costs	Total
	RM	RM	RM
Group			
Cost			
At 1 October 2006	69,410,532	2,031,592	71,442,124
Additions - internal development	-	156,727	156,727
- reclassification	-	79,500	79,500
Acquisition of subsidiaries	15,206,740	-	15,206,740
At 30 September 2007/ 30 September 2008	84,617,272	2,267,819	86,885,091
Accumulated Amortisation and Impairment			
At 1 October 2006	-	812,636	812,636
Amortisation (Note 6)	-	481,319	481,319
Reclassification	-	37,763	37,763
At 30 September 2007	-	1,331,718	1,331,718
Amortisation (Note 6)	-	441,918	441,918
At 30 September 2008	-	1,773,636	1,773,636
Net Carrying Amount			
At 30 September 2008	84,617,272	494,183	85,111,455
At 30 September 2007	84,617,272	936,101	85,553,373

14. Investments in Subsidiaries

	Company 2008	Company 2007
	RM	RM
Unquoted shares at cost:		
In Malaysia	310,900,054	249,039,864
Outside Malaysia	9	9
	310,900,063	249,039,873
Less: Accumulated impairment losses	(3,081,882)	(999,999)
	307,818,181	248,039,874

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Proportion of Ownership Interest (%) 2008	Proportion of Ownership Interest (%) 2007	Principal Activities
Held by the Company:				
EM Container Line Sdn. Bhd.	Malaysia	100	100	) Ship owner and
EM Line Sdn. Bhd.	Malaysia	100	100	) charterer

Notes to the Financial Statements - 30 September 2008 (contd.)

14. Investments in Subsidiaries (contd.)

Name of Subsidiaries	Country of Incorporation	Proportion of Ownership Interest (%) 2008	2007	Principal Activities
Held by the Company: (contd.)				
EM Shipping Sdn. Bhd.	Malaysia	100	100	Shipping agent
EM Carriers Sdn. Bhd.	Malaysia	100	100	Shipping
Premier Spectrum Sdn. Bhd.	Malaysia	100	100	Provision of shipping supplies
Wonder Link Sdn. Bhd.	Malaysia	100	100	Investment holding
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	100	Vessel chartering and containerised shipping
Chatlink Sdn. Bhd.	Malaysia	100	100	) Ship owner and charterer
Hub Continental Shipping Sdn. Bhd.	Malaysia	100	100	)
Hub Explorer Sdn. Bhd.	Malaysia	100	100	)
Hub Fleet Sdn. Bhd.	Malaysia	100	100	)
Hub Shipping Sdn. Bhd.	Malaysia	100	100	Provision of marine cargo handling and shipping services
Hub Warrior Sdn. Bhd.	Malaysia	100	100	) Ship owner and charterer
Ozlink Sdn. Bhd.	Malaysia	100	100	)
Patimico Sdn. Bhd.	Malaysia	100	100	)
Highline Shipping Sdn. Bhd.	Malaysia	100	50.23	Shipping
Malaform Sdn. Bhd.	Malaysia	100	100	Shipping
Hub Shipping (PNG) Co. Limited	Papua New Guinea	100	100	Shipping
Held Through Subsidiaries:				
Subsidiary of Wonder Link Sdn. Bhd.				
Hub Marine Pte. Ltd. *	Singapore	100	100	Shipping agent

14. Investments in Subsidiaries (contd.)

Held Through Subsidiaries: (contd.)

Subsidiaries of Highline Shipping Sdn. Bhd.

Name of Subsidiaries	Country of Incorporation	Proportion of Ownership Interest (%) 2008	2007	Principal Activities
Many Plus Enterprise Sdn. Bhd.	Malaysia	100	50.23	Trading
Many Plus Engineering Sdn. Bhd.	Malaysia	100	50.23	Services
Many Plus Maritime Sdn. Bhd.	Malaysia	100	50.23	Dormant
Ever Line Shipping Co. Ltd.	British Virgin Islands	100	50.23	Shipping
Ever Line Shipping Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Asia Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Bulk Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Carrier Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Delta Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Equity Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Fortune Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Glory Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Harbour Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Integrated Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Jade Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Kinetic Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Logistics Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Mariner Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Navigators Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Oceanic Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Pacific Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Quest Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Reliance Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Strategic Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Trader Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Union Sdn. Bhd.	Malaysia	100	50.23	Shipping
Highline Vision Sdn. Bhd.	Malaysia	100	50.23	Shipping
Many Plus Enterprise Ltd.	Marshall Islands	100	-	General trading

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

Notes to the Financial Statements - 30 September 2008 (contd.)

14. Investments in Subsidiaries (contd.)

(a) Acquisition of Additional Interest in Subsidiary

In April 2008, the Company acquired additional 49.77% equity interest in Highline Shipping Sdn. Bhd. for RM106,272,634 by issuing 158,615,872 ordinary shares of RM0.20 each at an issue price of RM0.67 per share. As a result of the acquisition, Highline Shipping Sdn. Bhd. became a wholly owned subsidiary of the Company.

The acquisition resulted in negative goodwill of RM31,551,543 recognised in the income statement (Note 4) as follows:

	RM
Net assets acquired	93,411,733
Cost of acquisition:	
Ordinary shares issued, at fair value	61,860,190
Negative goodwill	31,551,543

The fair value of ordinary shares was RM0.39 each, being the published price of the shares of the Company at the date of acquisition.

(b) Acquisition of subsidiary

On 25 August 2008, Highline Shipping Sdn. Bhd. had incorporated a subsidiary known as Many Plus Enterprise Ltd. for a cash consideration of USD1.00.

(c) 7,924,818 ordinary shares of RM1 each of Highline Shipping Sdn. Bhd. is pledged for borrowings as referred to in Note 22.

15. Investments in Associates

	Group	
	2008 RM	**2007** RM
Outside Malaysia:		
Quoted shares at cost	27,376,384	30,018,056
Unquoted shares at cost	30,009,028	32,904,735
	57,385,412	62,922,791
Share of post-acquisition reserves	(4,088,833)	7,765,903
	53,296,579	70,688,694
Less: Accumulated impairment losses (Note 6)	(21,000,000)	-
	32,296,579	70,688,694
Total shares	32,296,579	70,688,694
Quoted warrants	-	-
	32,296,579	70,688,694
Market value:		
- quoted shares	5,905,450	13,360,488
- quoted warrants	287,172	3,288,642

15. Investments in Associates (contd.)

Details of the associates are as follows:

Name of Associates	Country of Incorporation	Proportion of Ownership Interest (%) 2008	2007	Principal Activities
Held Through Subsidiaries:				
Bangpakong Terminal Public Company Limited *	Thailand	18.5	18.5	Domestic port and related services
Platinum Container Lines Co., Ltd.	Thailand	44.1	44.1	Shipping and marine cargo handling

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

The summarised financial information of the associates are as follows:

	2008 RM,000	2007 RM,000
Assets and Liabilities		
Current assets	10,020	17,685
Non-current assets	278,585	347,981
Total assets	288,605	365,666
Current liabilities	68,820	57,879
Non-current liabilities	55,347	87,113
Total liabilities	124,167	144,992
Results		
Revenue	32,455	64,070
Loss for the year	(33,907)	(10,262)

16. Amount due from Subsidiaries

	Company 2008 RM	2007 RM
Amount due from subsidiaries	283,374,579	283,322,051
Less: Provision for doubtful debts	(76,446,696)	(3,223,554)
	206,927,883	280,098,497

The amount due from subsidiaries of the Company are unsecured and have no fixed terms of repayment. A certain portion of the amount bore interest of between 3.6% and 8.1% (2007: 3.6% and 8.1%) per annum.

Further details on related party transactions are disclosed in Note 29.

Notes to the Financial Statements - 30 September 2008 (contd.)

17. Inventories

	Group	
	2008	**2007**
	RM	RM
At cost:		
Trading stocks	9,264,621	4,230,459
Consumables	30,764,767	32,029,064
	40,029,388	36,259,523

18. Trade and Other Receivables

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	112,601,792	117,428,919	-	-
Less: Provision for doubtful debts	(10,959,283)	(11,578,633)	-	-
Trade receivables, net	101,642,509	105,850,286	-	-
Other receivables				
Amount due from related parties:				
Associates	10,395,447	6,248,608	-	-
Subsidiaries of associate	28,250,697	21,442,394	-	-
Related companies	-	51,054	-	-
	38,646,144	27,742,056	-	-
Deposits	1,923,920	1,155,352	259,900	10,400
Prepayments	2,215,360	5,889,012	-	1,393
Interest receivable	144,394	90,741	71,815	71,384
Sundry receivables	6,519,134	1,796,000	-	-
Tax recoverable	2,502,703	5,726,237	-	5,299
	51,951,655	42,399,398	331,715	88,476
	153,594,164	148,249,684	331,715	88,476
Non-Current Other receivables				
Advance payment for bareboat charter	5,053,125	5,011,230	-	-

The Group's primary exposure to credit risk arises through its trade receivables. The Group's normal credit term is 30 to 90 days. Other credit terms are assessed and approved on case-by-case basis. In view the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

The amounts due from the associates and subsidiaries and advance payment for bareboat charter are unsecured, non-interest bearing and have no fixed terms of repayment.

Other information on financial risks of receivables are disclosed in Note 30.

Further details on related party transactions are disclosed in Note 29.

19. Cash and Cash Equivalents

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	RM	RM	RM
Cash on hand and at banks	13,097,952	18,985,048	172,555	296,967
Deposits with licensed banks	135,605,935	68,862,340	3,106,681	2,992,500
Deposits with licensed finance company	103,830	-	-	-
Cash and bank balances	148,807,717	87,847,388	3,279,236	3,289,467
Bank overdrafts (Note 22)	(1,570,623)	(2,882,168)	(896,464)	(853,186)
Cash and cash equivalents	147,237,094	84,965,220	2,382,772	2,436,281

(a) The Company's cash at bank amounting to RM107,219 (2007: RM35,831) have been deposited with a financial institution for the purpose of interest repayment obligations and working capital utilisation in relation to the Company's Islamic Private Debt Securities as mentioned in Note 22.

(b) The Company's deposits with licensed banks amounting to RM2,742,500 (2007: RM2,742,500) have been deposited with licensed banks and financial institutions for the purpose of interest repayment obligations in relation to the Company's Islamic Private Debt Securities as mentioned in Note 22.

(c) The Group's deposits with licensed banks and finance company amounting to RM1,397,245 (2007: RM564,508) have been pledged for credit facilities granted as referred to in Note 22.

(d) Other information on financial risks of cash and cash equivalents are disclosed in Note 30.

20. Share Capital, Share Premium and Treasury Shares

	Number of Ordinary Shares		Amount			
	Share Capital (Issued and Fully Paid)	**Treasury Shares**	**Share Capital (Issued and Fully Paid)** RM	**Share Premium** RM	**Total Share Capital and Share Premium** RM	**Treasury Shares** RM
At 1 October 2006						
Shares of RM1 each	155,546,710	(765,600)	155,546,710	66,845,342	222,392,052	(1,163,353)
Ordinary shares issued during the year pursuant to:						
Share split	622,186,840	-	-	-	-	-
Bonus issue	311,093,420	-	62,218,684	(62,218,684)	-	-
Treasury shares:						
Sold	-	765,600	-	745,027	745,027	1,163,353
Purchased	-	(2,890,000)	-	-	-	(1,725,041)
Transaction costs	-	-	-	(7,112)	(7,112)	(5,875)
At 30 September 2007						
Shares of RM0.20 each	1,088,826,970	(2,890,000)	217,765,394	5,364,573	223,129,967	(1,730,916)

20. Share Capital, Share Premium and Treasury Shares (contd.)

	Number of Ordinary Shares		Amount			
	Share Capital (Issued and Fully Paid)	Treasury Shares	Share Capital (Issued and Fully Paid) RM	Share Premium RM	Total Share Capital and Share Premium RM	Treasury Shares RM
At 1 October 2007						
Shares of RM0.20 each	1,088,826,970	(2,890,000)	217,765,394	5,364,573	223,129,967	(1,730,916)
Ordinary shares issued during the year pursuant to:						
Acquisition of additional interest in subsidiaries	158,615,872	-	31,723,174	29,643,481	61,366,655	-
Treasury shares:						
Purchased	-	(1,200,000)	-	-	-	(778,200)
Transaction costs	-	-	-	-	-	(2,846)
At 30 September 2008						
Shares of RM0.20 each	1,247,442,842	(4,090,000)	249,488,568	35,008,054	284,496,622	(2,511,962)

Authorised Share Capital

	Amount RM
At 30 September 2008/30 September 2007	
2,500,000,000 ordinary shares of RM0.20 each	500,000,000

(a) Ordinary Shares Issued for Acquisition of Additional Interest in Subsidiaries

During the financial year, the Company issued 158,615,872 new ordinary shares of RM0.20 each at an issue price of RM0.67 per share as consideration for the purchase of additional 49.77% interest in Highline Shipping Sdn. Bhd. The fair value of ordinary shares was RM0.39 each, being the published price of the shares of the Company, at the date of acquisition.

The share premium of RM30,137,016 arising from the issuance of ordinary shares and the share issue costs of RM493,535 have been included in the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(b) 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 2008, 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 1,200,000 of its issued ordinary shares from the open market at an average price of RM0.65 per share. The total consideration paid for the repurchase including transaction costs was RM781,046 comprising of consideration paid amounting to RM778,200 and transaction costs of RM2,846. 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 1,247,442,842 (2007: 1,088,826,970) issued and fully paid ordinary shares as at 30 September 2008, 4,090,000 (2007: 2,890,000) are held as treasury shares by the Company. As at 30 September 2008, the number of outstanding ordinary shares in issue after the set off is therefore 1,243,352,842 ordinary shares of RM0.20 each (2007: 1,085,936,970 ordinary shares of RM0.20 each).

21. Foreign Currency Translation Reserve

	Group RM
At 1 October 2006	1,507,015
Foreign currency translation:	
Group	(1,498,411)
At 30 September 2007	8,604
Foreign currency translation:	
Group	(2,981,380)
At 30 September 2008	(2,972,776)

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

22. Borrowings

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short Term Borrowings				
Secured:				
Bank overdrafts	1,570,623	2,882,168	896,464	853,186
Bills payable and bankers' acceptance	9,653,088	9,213,772	-	-
Revolving credits	27,000,000	29,000,000	-	-
Term loans	10,624,012	62,019,634	1,000,000	49,895,897
Hire purchase liabilities (Note 23)	292,139	366,022	-	-
	49,139,862	103,481,596	1,896,464	50,749,083
Unsecured:				
Bill payable and bankers' acceptance	19,345,839	6,050,000	-	-
Revolving credits	5,000,000	2,000,000	-	-
Onshore foreign currency loan	28,930,842	11,902,528	-	-
	53,276,681	19,952,528	-	-
	102,416,543	123,434,124	1,896,464	50,749,083
Long Term Borrowings				
Secured:				
Murabahah Commercial Papers	150,000,000	150,000,000	150,000,000	150,000,000
Bai' Bithaman Ajil Islamic Debt Securities	70,000,000	70,000,000	70,000,000	70,000,000
Less: Unamortised discount	(1,719,133)	(3,045,153)	(1,719,133)	(3,045,153)
	218,280,867	216,954,847	218,280,867	216,954,847
Term loans	83,402,638	49,632,557	76,000,000	32,104,103
Hire purchase and finance lease payables (Note 23)	501,962	801,039	-	-
	302,185,467	267,388,443	294,280,867	249,058,950

22. Borrowings (contd.)

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	RM	RM	RM
Total Borrowings				
Murabahah Commercial Papers	150,000,000	150,000,000	150,000,000	150,000,000
Bai' Bithaman Ajil Islamic Debt Securities	70,000,000	70,000,000	70,000,000	70,000,000
Less: Unamortised discount	(1,719,133)	(3,045,153)	(1,719,133)	(3,045,153)
	218,280,867	216,954,847	218,280,867	216,954,847
Bank overdrafts (Note 19)	1,570,623	2,882,168	896,464	853,186
Bills payable and bankers' acceptance	28,998,927	15,263,772	-	-
Onshore foreign currency loan	28,930,842	11,902,528	-	-
Revolving credits	32,000,000	31,000,000	-	-
Term loans	94,026,650	111,652,191	77,000,000	82,000,000
Hire purchase and finance lease payables (Note 23)	794,101	1,167,061	-	-
	404,602,010	390,822,567	296,177,331	299,808,033

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

(i) 7,924,818 ordinary shares of RM1 each of Highline Shipping Sdn. Bhd. as disclosed in Note 14(c);

(ii) Vessels and vessel equipment of the Group as disclosed in Note 12;

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

(iv) Deposits with licensed banks and finance company of the Group as disclosed in Note 19.

(b) 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 3.9% (2007: 3.5% and 3.9%) per annum.

The MCP/MMTN are secured by third party charges over certain vessels owned by the Group as mentioned in Note 12, 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

(c) 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.

22. Borrowings (contd.)

(c) 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 7.5% and 8.1% (2007: 7.5% and 8.1%) per annum.

The BaIDS are secured by third party charges over certain vessels owned by the Group as mentioned in Note 12, 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

Other information on financial risks of borrowings are disclosed in Note 30.

23. Hire Purchase and Finance Lease Liabilities

	Group **2008** RM	 **2007** RM
Future minimum lease payments:		
Not later than 1 year	323,304	410,664
Later than 1 year and not later than 2 years	203,064	327,514
Later than 2 years and not later than 5 years	327,992	531,055
Total future minimum lease payments	854,360	1,269,233
Less: Future finance charges	(60,259)	(102,172)
Present value of finance lease liabilities (Note 22)	794,101	1,167,061
Analysis of present value of finance lease liabilities:		
Not later than 1 year	292,139	366,022
Later than 1 year and not later than 2 years	185,384	299,077
Later than 2 years and not later than 5 years	316,578	501,962
	794,101	1,167,061
Less: Amount due within 12 months (Note 22)	(292,139)	(366,022)
Amount due after 12 months (Note 22)	501,962	801,039

The Group has hire purchase contracts for various items of property, plant and equipment (Note 12(a)). There are no restrictions placed upon the Group by entering into these hire purchase contracts and no arrangements have been entered into for contingent rental payments. Hire purchase is effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Other information of financial risks of hire purchase liabilities are disclosed in Note 30.

Notes to the Financial Statements - 30 September 2008 (contd.)

24. Trade and Other Payables

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Current				
Trade payables				
Third parties	39,952,095	31,484,481	-	-
Other payables				
Amount due to directors	754,583	591,690	127,500	70,000
Charter hire revenue received in advance	-	62,689	-	-
Vessel management received in advance	-	79,681	-	-
Sundry payables	289,958	3,440,691	1,767	1,767
Accruals	16,378,908	2,967,777	1,633,964	1,540,335
	17,423,449	7,142,528	1,763,231	1,612,102
	57,375,544	38,627,009	1,763,231	1,612,102

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days.

(b) Amount due to directors

The amount due to directors is unsecured, non-interest bearing and has no fixed terms of repayment.

Further details on related party transactions are disclosed in Note 29.

Other information on financial risks of payables are disclosed in Note 30.

25. Deferred Tax

	Group 2008 RM	Group 2007 RM
At 1 October	(18,476,029)	10,761
Recognised in income statement (Note 9)	2,874,999	(2,983,585)
Acquisition of subsidiary	-	(15,503,205)
At 30 September	(15,601,030)	(18,476,029)
Presented after appropriate offsetting as follows:		
Deferred tax assets	62,821	21,342
Deferred tax liabilities	(15,663,851)	(18,497,371)
	(15,601,030)	(18,476,029)

25. Deferred Tax (contd.)

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 2007	18,497,371
Recognised in income statement	(2,833,520)
At 30 September 2008	15,663,851
At 1 October 2006	23,845
Recognised in income statement	2,970,321
Acquisition of subsidiary	15,503,205
At 30 September 2007	18,497,371

Deferred Tax Assets of the Group:

	Unabsorbed Capital Allowances RM
At 1 October 2007	21,342
Recognised in income statement	41,479
At 30 September 2008	62,821
At 1 October 2006	34,606
Recognised in income statement	(13,264)
At 30 September 2007	21,342

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

	Group		**Company**	
	2008 RM	**2007** RM	**2008** RM	**2007** RM
Unused tax losses	85,805,000	66,714,000	642,000	642,000
Unabsorbed capital allowances	43,164,000	3,680,000	-	-
	128,969,000	70,394,000	642,000	642,000

The availability of the unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowance for offset against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

26. Operating Lease Arrangements

The Group has entered into non-cancellable operating lease agreements for the use of vessels. The leases have lives of 9 to 10 years with no renewal or purchase option included in the contract.

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

	Group	
	2008	**2007**
	RM	RM
Future minimum rental payments:		
Not later than 1 year	20,209,492	20,243,635
Later than 1 year and not later than 5 years	54,894,727	57,020,298
Later than 5 years	52,844,258	69,867,370
	127,948,477	147,131,303

27. Capital Commitments

	Group	
	2008	**2007**
	RM	RM
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	4,863,689	26,053,000

28. Contingent Liabilities

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	RM	RM	RM
(a) Unsecured corporate guarantees given to banks for credit facilities granted to subsidiaries	-	-	94,885,502	65,512,946
(b) Share of contingent liabilities of associates	13,424,339	7,760,042	-	-

(c) There is a potential claim by the owners of a third party vessel against a subsidiary, Highline Pacific Sdn. Bhd. ("Highline Pacific") for the amount of USD1.2 million for loss of hire and USD65,000 for hull damage arising from the collision of barge "Everline 7" on 7 September 2007 with a third party vessel. "Everline 7" is currently insured for hull and machinery for RM4.4 million and lawyers have been engaged by the underwriters of the insurance policy for Highline Pacific and the underwriters. A limitation action has been filed by the said lawyers in the Malaysian courts pursuant to the 1957 International Convention relating to the Limitation of the Liability of Owners of Sea-Going Ships and Protocol of Singapore which would allow Highline Pacific to limit its liability to approximately RM35,000.

The Board is of the opinion that the claim does not have any material financial impact on the Group as it is sufficiently insured.

29. Related Party Disclosures

(a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	Company	
	2008	**2007**
	RM	RM
Subsidiaries:		
Dividend income	12,000,000	12,000,000
Interest income	11,596,569	10,635,619

(b) Compensation of key management personnel

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	RM	RM	RM
Short-term employee benefits	9,990,066	3,915,536	97,500	70,000
Post-employment benefits:				
Defined contribution plan	527,914	429,986	-	-
	10,517,980	4,345,522	97,500	70,000

Included in the total key management personnel are:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	RM	RM	RM
Directors' remuneration (Note 8)	8,517,121	2,778,471	97,500	70,000

30. 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 2008. 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.

30. Financial Instruments (contd.)

(b) Interest Rate Risk (contd.)

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

At 30 September 2008	Note	WAEIR %	Within 1 Year RM	1-2 Years RM	2-5 Years RM	More than 5 years RM	Total RM
Group							
Fixed Rate							
Term loan	22	6.88	10,624,012	10,042,638	64,110,000	9,250,000	94,026,650
Hire purchase liabilities	23	2.50	292,139	185,384	316,578	-	794,101
Murabahah Commercial Papers	22	5.00	-	-	150,000,000	-	150,000,000
Bai' Bithaman Ajil Islamic Debt	22	7.80	-	-	70,000,000	-	70,000,000
Floating Rate							
Cash and bank balances	19	3.31	148,807,717	-	-	-	148,807,717
Bank overdrafts	22	7.61	1,570,623	-	-	-	1,570,623
Revolving credits	22	5.31	32,000,000	-	-	-	32,000,000
Bills payable and bankers' acceptance	22	4.36	28,998,927	-	-	-	28,998,927
Onshore foreign currency loan	22	4.40	28,930,842	-	-	-	28,930,842
Company							
Fixed Rate							
Amount due from subsidiaries	16	5.80	204,801,625	-	-	-	204,801,625
Term loan	22	7.01	1,000,000	6,000,000	60,750,000	9,250,000	77,000,000
Murabahah Commercial Papers	22	5.00	-	-	150,000,000	-	150,000,000
Bai' Bithaman Ajil Islamic Debt	22	7.80	-	-	70,000,000	-	70,000,000
Floating Rate							
Cash and bank balances	19	3.55	3,279,236	-	-	-	3,279,236
Bank overdrafts	22	7.50	896,464	-	-	-	896,464

30. Financial Instruments (contd.)

(b) Interest Rate Risk (contd.)

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

At 30 September 2007	Note	WAEIR %	Within 1 Year RM	1-2 Years RM	2-5 Years RM	More than 5 years RM	Total RM
Group							
Fixed Rate							
Term loan	22	7.2	62,019,634	31,005,451	18,627,106	-	111,652,191
Hire purchase liabilities	23	2.6	366,022	299,077	501,962	-	1,167,061
Murabahah Commercial Papers	22	3.7	-	-	90,000,000	60,000,000	150,000,000
Bai' Bithaman Ajil Islamic Debt	22	7.8	-	-	30,000,000	40,000,000	70,000,000
Floating Rate							
Cash and bank balances	19	4.0	87,847,388	-	-	-	87,847,388
Bank overdrafts	22	7.2	2,882,168	-	-	-	2,882,168
Revolving credits	22	5.2	31,000,000	-	-	-	31,000,000
Bankers' acceptances	22	4.0	15,263,772	-	-	-	15,263,772
Onshore foreign currency loan	22	6.6	11,902,528	-	-	-	11,902,528
Company							
Fixed Rate							
Amount due from subsidiaries	16	3.6	280,098,497	-	-	-	280,098,497
Term loan	22	7.3	49,895,898	20,984,143	11,119,959	-	82,000,000
Murabahah Commercial Papers	22	3.7	-	-	90,000,000	60,000,000	150,000,000
Bai' Bithaman Ajil Islamic Debt	22	7.8	-	-	30,000,000	40,000,000	70,000,000
Floating Rate							
Cash and bank balances	19	3.6	3,289,467	-	-	-	3,289,467
Bank overdrafts	22	7.5	853,186	-	-	-	853,186

30. Financial Instruments (contd.)

(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.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Net Financial Assets/(Liabilities) Held in Non-Functional Currencies

	Ringgit Malaysia RM	United States Dollars RM	Singapore Dollars RM	Euro RM	Japanese Yen RM	Hong Kong Dollars RM	Thai Baht RM	Total RM
At 30 September 2008								
Functional Currency of Group Companies								
Ringgit Malaysia	-	114,189,593	698,842	(24,639)	(958,676)	(52,910)	-	113,852,210
Singapore Dollars	359,800	-	-	-	-	-	-	359,800
United States Dollars	-	-	-	-	-	-	29,753,343	29,753,343
At 30 September 2007								
Functional Currency of Group Companies								
Ringgit Malaysia	-	89,558,011	7,657,248	34,358	21,095	(52,522)	-	97,218,190
Singapore Dollars	484,864	-	-	-	-	-	-	484,864
United States Dollars	-	-	-	-	-	-	69,171,398	69,171,398

30. 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

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

		Group		Company	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
At 30 September 2008					
Non-current quoted shares	15	19,460,345	5,905,450	-	-
Fixed rate term loan	30(b)	94,026,650	78,211,182	77,000,000	62,771,012
Hire purchase liabilities	23	794,101	774,930	-	-
Murabahah Commercial Paper	22	150,000,000	121,755,885	150,000,000	121,755,885
Bai' Bithaman Ajil Islamic Debt Securities	22	70,000,000	49,582,670	70,000,000	49,582,670
At 30 September 2007					
Non-current quoted shares	15	33,597,837	13,360,488	-	-
Fixed rate term loan	30(b)	111,652,191	99,840,000	82,000,000	73,585,000
Hire purchase liabilities	23	1,167,061	1,162,000	-	-
Murabahah Commercial Paper	22	150,000,000	129,843,000	150,000,000	129,843,000
Bai' Bithaman Ajil Islamic Debt Securities	22	70,000,000	49,583,000	70,000,000	49,583,000

31. Segmental Information

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

(i) Shipping and related activities
(ii) Trading activities
(iii) Management services

Notes to the Financial Statements - 30 September 2008 (contd.)

31. Segmental Information (contd.)

(c) Geographical segments

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

(d) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

31. Segmental Information (contd.)

	Trading		Shipping & Related Activities		Management Services		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue and Expenses										
Revenue										
External sales	183,390,984	29,153,076	617,167,348	528,460,290	-	-	-	-	800,558,332	557,613,366
Inter-segment sales	2,401,030	-	50,716,171	-	12,000,000	12,000,000	(65,117,201)	(12,000,000)	-	-
Total revenue	185,792,014	29,153,076	667,883,519	528,460,290	12,000,000	12,000,000	(65,117,201)	(12,000,000)	800,558,332	557,613,366
Result										
Segment results	8,976,853	1,437,105	180,001,961	56,400,341	(61,304,618)	15,902,897	(53,117,201)	-	74,556,995	73,740,343
Profit from operations									74,556,995	73,740,343
Finance costs									(22,435,130)	(17,202,129)
Share of loss of associates	-	-	(11,854,736)	(5,464,738)	-	-	-	-	(11,854,736)	(5,464,738)
Income tax expense									(5,332,326)	(5,854,244)
Profit for the year									34,934,803	45,219,232
Assets and Liabilities										
Segment assets	33,926,619	9,425,655	680,076,135	605,896,428	154,217,656	92,121,574	-	-	868,220,410	707,443,657
Unallocated corporate assets									87,676,979	222,621,341
Consolidated total assets									955,897,389	930,064,998
Segment liabilities	31,656,590	4,145,225	54,012,993	32,869,682	1,763,231	1,612,102	(14,393,419)	-	73,039,395	38,627,009
Unallocated corporate liabilities									406,845,408	410,822,644
Consolidated total liabilities									479,884,803	449,449,653
Other Information										
Capital expenditure	600	-	79,125,606	145,180,994	5,507	-	-	-	79,131,713	145,180,994
Depreciation	16,737	10,588	31,541,097	22,099,865	2,624	-	-	-	31,560,458	22,110,453

32. Significant Events

(a) On 20 November 2007, the Company repurchased 1,200,000 of its issued ordinary shares from the open market at an average price of RM0.65 per share. The total consideration paid for the repurchase including transaction costs was RM781,046.

(b) On 22 April 2008, the Company announced the acquisition of a 49.77% equity interest in Highline Shipping Sdn. Bhd. ("Highline Shipping") by issuance of 158,615,872 new ordinary shares of RM0.20 each of the Company, issued as fully paid up at an issue price of RM0.67.

(c) On 25 August 2008, Highline Shipping Sdn. Bhd. had incorporated a subsidiary known as Many Plus Enterprise Ltd. for a cash consideration of USD1.00.

Analysis of Shareholdings

Analysis of shareholders as at 20 February 2009

Authorised Share Capital	:	RM 500,000,000.00
Issued and Fully Paid-up Capital	:	RM 249,488,568
Class of shares	:	Ordinary Shares of RM 0.20 each
Voting rights	:	One vote per Ordinary Shares

Distribution of Shareholders

HOLDINGS	NO. OF HOLDERS	% OF HOLDERS	NO. OF SHARES	% OF ISSUED CAPITAL
Less than 100	15	0.17	947	0.00
100 to 1,000	323	3.69	296,380	0.02
1001 to 10,000	4,172	53.86	28,148,121	2.26
10,001 to 100,000	3,171	36.25	104,307,149	8.36
100,001 to less than 5% of issued shares	524	5.99	772,585,764	61.93
5% and above of issued shares	3	0.03	342,104,481	27.43
Total	8,748	100.00	1,247,442,842	100.00

Substantial shareholders as at 20 February 2009

	Direct		Deemed interest/Indirect	
	No. of shares	% held*	No. of shares	% held *
Billion Power Sdn Bhd	272,148,485	21.89	-	-
NFC Shipping Fund A LLC	82,600,000	6.64	-	-
Yii Ming Sung	67,630,302	5.44	11,700,747 (1)	0.94

Director's shareholdings as at 20 February 2009

	----------------Direct----------------		----------------Indirect----------------	
	No. of shares	% *	No. of shares	% *
Richard Wee Liang Huat@ Richard Wee Liang Chiat	1,043,000	0.08	-	-
Dennis Ling Li Kuang	20,198,711	1.62	34,578,900(2)	2.78
Yii Ming Sung	67,630,302	5.44	11,700,747(1)	0.94
Christine Lau Swee Eng	28,763,300	2.31	26,014,311(3)	2.09
Ibrahim Bin Baki	-	-	-	-
Katrina Ling Shiek Ngee	-	-	-	-
Haji Awang Mohidin Bin Awang Saman	-	-	-	-

(1) Deemed interest by virtue of his shareholding in Many Plus Holdings 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 and his son, Bernard Ling Ing Tah.
(3) Deemed interest by virtue of the shareholding held by her spouse, Mr Dennis Ling Li Kuang and her son, Bernard Ling Ing Tah.

* *Excluding a total of 4,090,000 shares bought back and retained as treasury shares.*

Thirty Largest Shareholders as at 20 February 2009

	NAME	NO. OF SHARES	% OF ISSUED CAPITAL *
1	Billion Power Sdn Bhd	191,874,179	15.43
2	Inter-Pacific Equity Nominees (Asing) Sdn Bhd UOB Kay Hian Private Limited for NFC Shipping Fund A LLC	82,600,000	6.64
3	Yii Ming Sung	67,630,302	5.44
4	TA Nominees (Tempatan) Sdn Bhd Account for Billion Power Sdn Bhd	62,284,306	5.04
5	Lembaga Tabung Haji	52,394,600	4.21
6	Inter-Pacific Equity Nominees(Asing) Sdn Bhd UOB Kay Hian Private Limited for BP Asset Management Incorporated	39,932,800	3.21

Analysis of Shareholdings (contd.)

7	Inter-Pacific Equity Nominees(Asing) Sdn Bhd UOB Kay Hian Private Limited for Yarra Asset Management Incorporated	31,006,500	2.49
8	TA Nominees (Tempatan) Sdn Bhd Account for Lanacove Sdn Bhd	27,650,700	2.22
9	OSK Nominees (Tempatan) Sdn Bhd Account for Vandalon Sdn Bhd	27,195,100	2.19
10	CIMSEC Nominees (Asing) Sdn Bhd CIMB Bank for Thananya Chumponkulwong	24,283,600	1.95
11	Ting Tiong Yiang @ Ting Tuong Yiang	23,181,878	1.86
12	Malaysia Nominees (Tempatan) Sdn Bhd Account for Great Eastern Life Assurance (Malaysia) Berhad	20,363,500	1.64
13	HDM Nominees (Tempatan) Sdn Bhd Account for Billion Power Sdn Bhd	17,990,000	1.45
14	SJ SEC Nominees (Tempatan) Sdn Bhd Account for Pau Chiong Ching	17,661,400	1.42
15	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Pau Chiong Ching	16,203,493	1.30
16	CIMSEC Nominees (Asing) Sdn Bhd CIMB Bank for Kanjang Singhachatprichakul	13,323,900	1.07
17	Ngu Kai Yien	12,361,317	0.99
18	Mayban Nominees (Tempatan) Sdn Bhd Account for Ling Li Kuang	12,250,000	0.98
19	Many Plus Holdings Sdn Bhd	11,700,747	0.94
20	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Lau Swee Eng	11,541,900	0.93
21	HLB Nominees (Asing) Sdn Bhd Account for Top Prospects Limited	10,000,000	0.80
22	CIMSEC Nominees (Tempatan) Sdn Bhd EON Finance Bhd for Pau Chiong Ching	8,549,616	0.69
23	OSK Nominees (Tempatan) Sdn Bhd Account for Pau Chiong Ching	8,494,280	0.68
24	HLB Nominees (Asing) Sdn Bhd Exempt AN for HL Bank	7,990,000	0.64
25	HDM Nominees (Tempatan) Sdn Bhd Account for Focus Return Sdn Bhd	7,775,400	0.63
26	RHB Capital Nominees (Tempatan) Sdn Bhd Account for Lau Swee Eng	7,300,000	0.59
27	EB Nominees (Tempatan) Sdn Bhd Account for Lau Swee Eng	7,000,000	0.56
28	Hii Yii Chiok	6,718,339	0.54
29	Chai Kim Boo	6,191,593	0.50
30	Alliancegroup Nominees (Tempatan) Sdn Bhd Account for Koek Tiang Kung	5,950,000	0.48
	TOTAL	**839,399,450**	**67.51**

*Excluding a total of 4,090,000 shares bought back and held as treasury shares.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-third Annual General Meeting of the Company will be held at Dewan Perpaduan 3, 1st Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg 93000 Kuching, Sarawak, on Friday, 27th March 2009 at 11.00 a.m. for the following purposes :-

As Ordinary Business

1 To receive and adopt the Report of the Directors and the Audited Statement of Accounts for the year ended 30 September, 2008 and the Report of the Auditors thereon. **Ordinary Resolution 1**

2 To re-elect the following director, who is retiring in accordance with Article 70 of the Articles of Association of the Company and is offering himself for re-election :- **Ordinary Resolution 2**

Mr Yii Ming Sung

3 To re-elect the following director, who is retiring in accordance with Article 71 of the Articles of Association of the Company and is offering himself for re-election :- **Ordinary Resolution 3**

Tuan Haji Awang Mohidin Bin Awang Saman

4 To re-elect the following director, who is retiring in accordance with Article 71 of the Articles of Association of the Company and is offering herself for re-election :- **Ordinary Resolution 4**

Ms Christine Lau Swee Eng

5 To approve Directors' remuneration of RM105,000.00 for the financial year ending 30 September, 2009. **Ordinary Resolution 5**

6 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:

7. 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."

8. Proposed renewal of authority for the purchase of own shares by the company ("Proposed Renewal") **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 0.20 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 RM35,008,054 of the Company based on the audited accounts for the financial year ended 30 September 2008, be allocated by the Company for the Proposed Renewal;

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 Proposed Renewal 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."

9. To transact any other business.

By order of the Board,

Yeo Puay Huang
Secretary

Dated : 5th March 2009

Explanatory Notes To Special Business:

1. Ordinary Resolution 7 - Authority to allot shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to issue and allot shares at any time in their absolute discretion without convening a general meeting provided that the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company for the time being.

2. Ordinary Resolution 8 - Proposed Renewal Of Authority For The Purchase Of Own Shares By The Company ("Proposed Renewal")

The proposed Ordinary Resolution 8, if passed, will enable the company to purchase its own shares of up to ten percent(10%) of the issued and paid-up share capital of the Company by utilizing the funds allocated out of the share premium reserves of the Company.

Further information on the Proposed Ordinary Resolution 8 is set out in the Circular to Shareholders dated 5 March 2009.

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, WISMA HUBLINE, Lease 3815, (Lot 10914), Section 64, KTLD, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak, not later than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

Statement Accompanying Notice of Annual General Meeting

1. Names of Directors who are standing for re-election pursuant to Articles 70 and 71 of the Articles of Association of the Company

a) Mr Yii Ming Sung
b) Tuan Haji Awang Mohidin Bin Awang Saman
c) Ms Christine Lau Swee Eng

The details of the three directors seeking re-election are set out in their respective profiles which appear on pages 6 and 7.

2. Board meetings held during the financial year ended 30 September 2008

The Board sat for 8 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	Dennis Ling Li Kuang	01/10/2007 - 30/09/2008	8/8
2	Richard Wee Liang Huat @ Richard Wee Liang Chiat	01/10/2007 – 30/09/2008	8/8
3	Yii Ming Sung	28/04/2008 – 30/09/2008	3/8
4	Ibrahim Bin Baki	01/10/2007 – 30/09/2008	8/8
5	Katrina Ling Shiek Ngee	01/10/2007 – 30/09/2008	8/8
6	Awang Mohidin Bin Awang Saman	01/10/2007 – 30/09/2008	8/8
7	Christine Lau Swee Eng	01/10/2007 – 30/09/2008	8/8

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

Dewan Perpaduan 3, 1st Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg, 93000, Kuching, Sarawak on 27 March 2009 at 11.00 a.m.

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 3, 1st Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg 93000 Kuching, Sarawak, on Friday, 27th March 2009 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 Report of the Directors and the Audited Statement of Accounts for the year ended 30 September, 2008 and the Report of the Auditors thereon.		
2.	To re-elect Mr Yii Ming Sung as Director		
3.	To re-elect Tuan Haji Awang Mohidin Bin Awang Saman as Director		
4.	To re-elect Ms Christine Lau Swee Eng as Director		
5.	To approve Directors' Remuneration amounting to RM105,000 for the financial year ending 30 September 2009		
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 2009

……………………………………………

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

Notes :

(i) 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.

(ii) 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.

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
HUBLINE BERHAD
WISMA HUBLINE
Lease 3815 (Lot 10914), Section 64, KTLD,
Jalan Datuk Abang Abdul Rahim,
93450 Kuching, Sarawak.

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HUBLine
HUBLINE BERHAD
(23568-H)
Wisma Hubline
Lease 3815 (Lot 10914), Section 64, KTLD,
Jalan Datuk Abang Abdul Rahim,
93450 Kuching, Sarawak, Malaysia.
Tel: (6082) 335393 Fax: (6082) 337090