



HUßLine

B e r h a d
(23568-H)

Annual Report

2013

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Corporate Information

BOARD OF DIRECTORS

Richard Wee Liang Huat @ Richard Wee Liang Chiat
Chairman / Non-independent Non-Executive Director

Dennis Ling Li Kuang
Chief Executive Officer/Managing Director

Katrina Ling Shiek Ngee
Executive Director

Haji Ibrahim Bin Haji Baki
Independent Non-Executive Director

Haji Awang Mohidin Bin Awang Saman
Independent Non-Executive Director

Christine Lau Swee Eng
*Non-Independent Non-Executive Director
(Resigned 28 November 2013)*

Jem Magnaye
*Non-Independent Non-Executive Director
(Appointed 28 November 2013)*

AUDIT COMMITTEE

Chairman
Haji Ibrahim Bin Haji Baki

Members
Haji Awang Mohidin Bin Awang Saman
Jem Magnaye

REMUNERATION COMMITTEE

Chairman
Haji Awang Mohidin Bin Awang Saman

Members
Haji Ibrahim Bin Haji Baki
Katrina Ling Shiek Ngee

NOMINATION COMMITTEE

Chairman
Haji Awang Mohidin Bin Awang Saman

Members
Haji Ibrahim Bin Haji Baki
Jem Magnaye

COMPANY SECRETARY

Yeo Puay Huang
(LS 0000577)

REGISTERED OFFICE

Wisma Hubline
Lease 3815 (Lot 10914) Section 64 KTLD
Jalan Datuk Abang Abdul Rahim
93450 Kuching, Sarawak
Tel : 6082-335393 Fax : 6082-337393

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 Code : 7013

AUDITORS

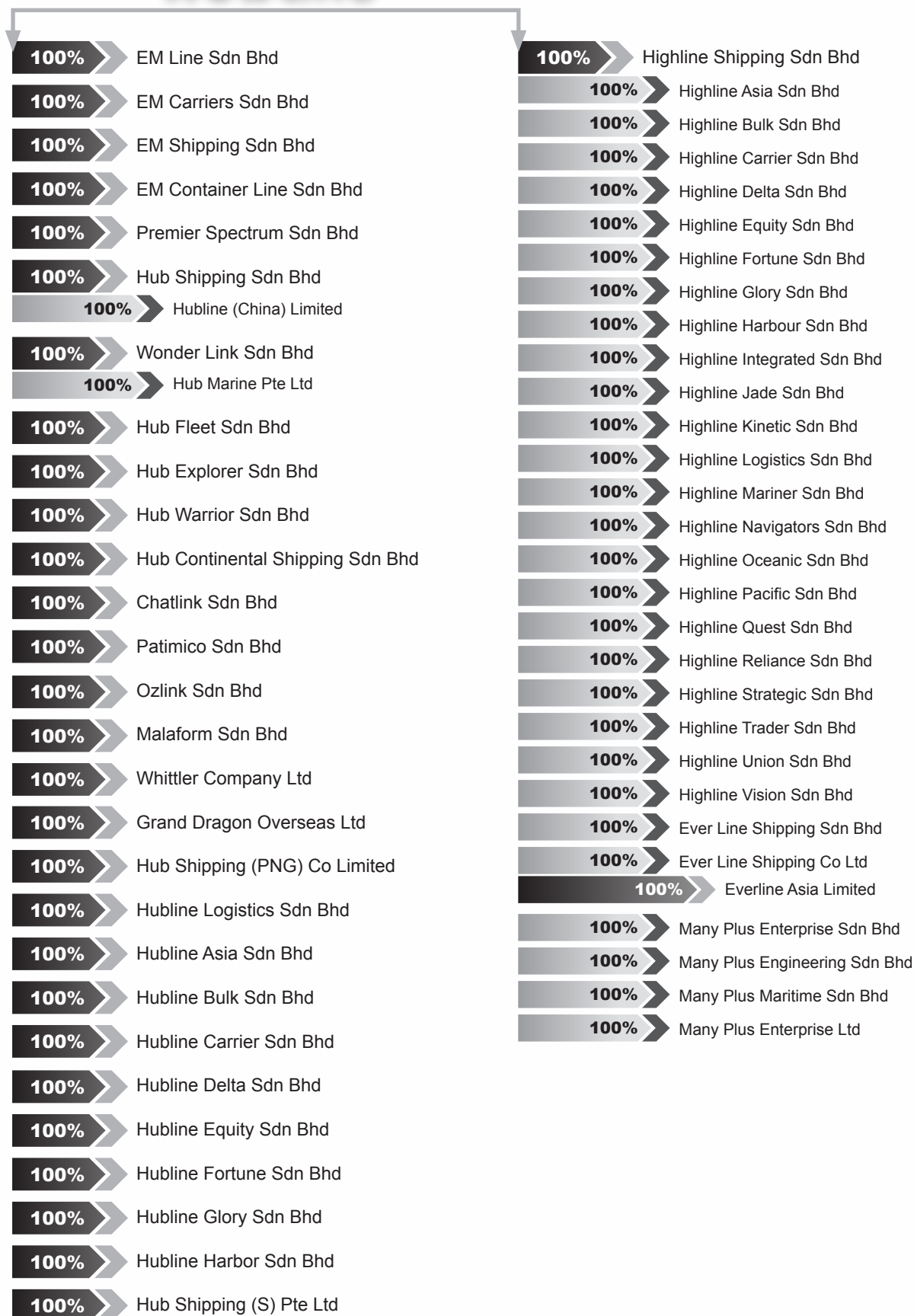
Ernst & Young
3rd Floor, Wisma Bukit Mata Kuching,
Jalan Tunku Abdul Rahman, 93100 Kuching,
Sarawak.
Tel : 6082-243233 Fax : 6082-421287

WEBSITE

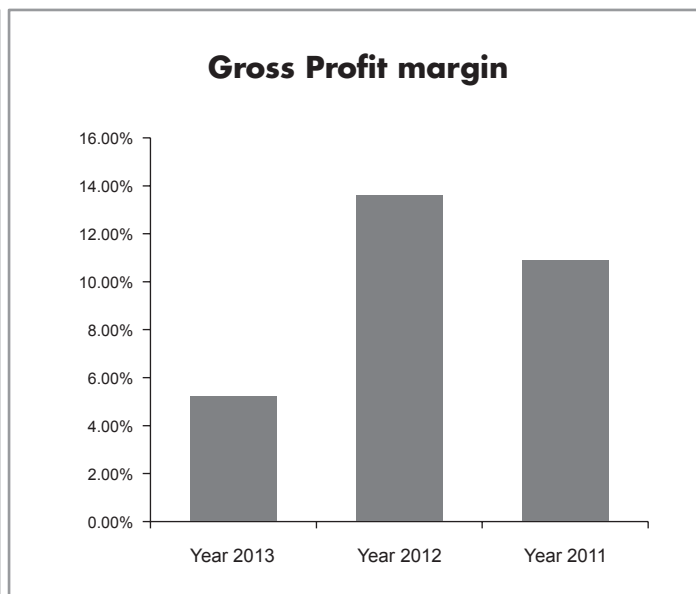
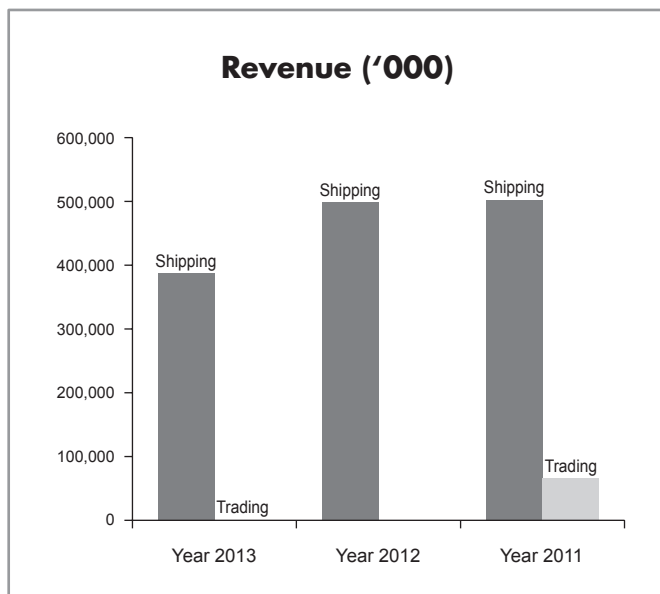
www.hubline.com

Corporate Structure

HUBLine

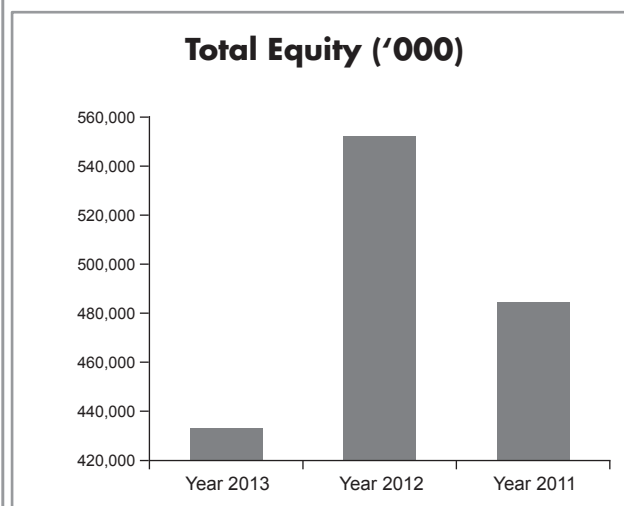
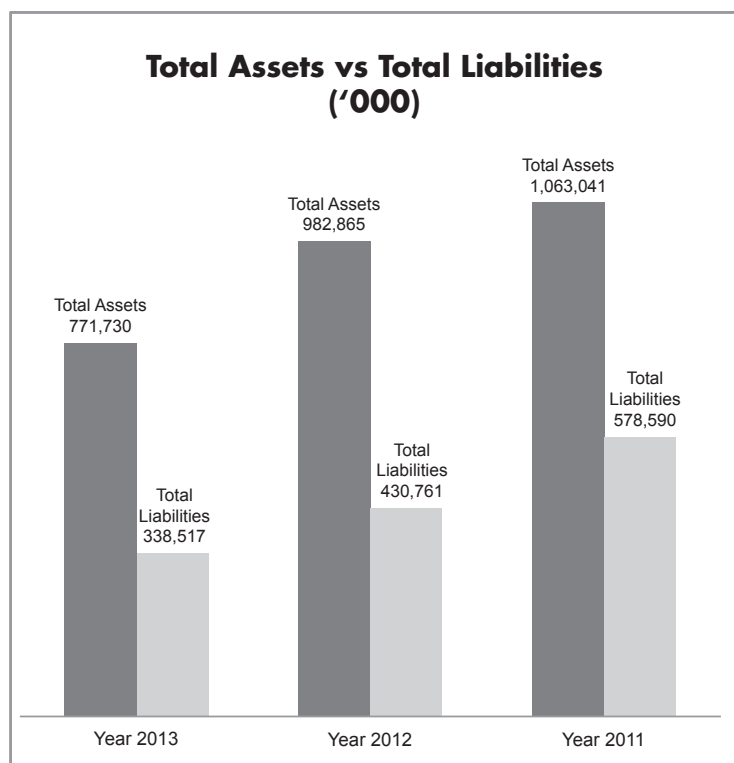
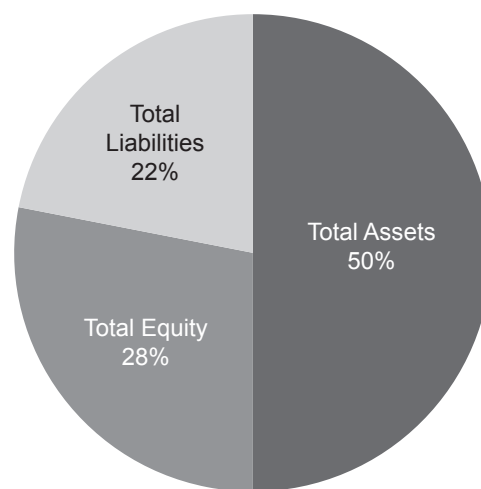


Three-Year Financial Highlights (Presented in Ringgit Malaysia)



	YEAR 2011	YEAR 2012	YEAR 2013
Profit/(Loss) After Tax	(71,633,084)	2,384,075	(207,672,376)
Gearing Ratio	48%	41%	41%
Net Assets	484,450,660	552,103,752	433,212,191
Net Assets Per Share	0.26	0.27	0.14

FY 2013 Financial Position



Message from the Chairman

On behalf of the Board of Directors, I am pleased to present the Annual Report of Hubline Berhad ("the Group") for the financial year ended 30 September 2013.

The shipping industry in general has been through difficult times since the 2008 economic crisis. Adapting to change was a key guiding principle for the Group in facing the challenges of the past financial year. The demand for our dry bulk shipping sector is satisfactory and outlook for 2014 remains promising as we operate in the niche market and we enjoy full capacity, full fleet utilisation and enjoy attractive freight rates. However, the container shipping industry has continued to be challenged by excessive supply of shipping capacities, increased competition and freight rate battle, all of which have affected the overall performance of the Group. Therefore, operational focus in the container shipping division was geared towards maintaining market share.

REVIEW OF FINANCIAL PERFORMANCE AND OPERATIONS

Notwithstanding the challenging industry backdrop, the Group managed to earn revenue of RM388 million which is a pleasant result. The Group also managed a modest gross profit margin of 5.2%. The decrease of 22% in revenue and the decreased gross profit margin were the result of the Group scrapping a number of older and less efficient vessels. The Group's gearing ratio remains the same at 41%.

During the financial year under review, the Group recognised impairment losses of RM 94 million, losses from the scrapping of vessels of RM 60 million as well as foreign exchange transfers from foreign translation reserve of RM 29 million which contributed to the Group's net loss after tax of RM 207 million.

CORPORATE DEVELOPMENT

During the year under review, there were no new corporate exercises implemented.

DIVIDEND

The Board has taken a conservative approach in deciding that no dividend will be paid for the 2013 financial year. The Board's intention is for the Group's cash reserves to be utilised in current strategic objectives to achieve further growth.

PROSPECTS

The Group expects that the coming year for the dry bulk sector to be good, whereas the container shipping division will not be vastly different from the year that has just passed. Competition is still rife, oil prices remain at high levels, larger container vessels continue to be delivered which puts pressure on freight rates.

Given all of this, evaluation of key shipping routes with an objective of increasing vessel capacity utilisation and profitability have been the focus of our operations whilst maintaining our prudent approach in utilizing resources and implementing cost efficiency.

The Group continues to explore opportunities across all the intra-Asian regions, to tap on potentially new, profitable trade routes in the aim to strengthen our customer base, catering for new demand from both existing and potential customers, which we believe will drive longer term growth.

Message from the Chairman (contd.)

ACKNOWLEDGEMENT

Being in a service industry, we can never underestimate the importance of our people in helping us achieve our objectives, and so on behalf of the Board of Directors, I would like to express our appreciation of the valuable contribution from our Management and staff, both locally and internationally.

We also acknowledge the support of our valued customers, shipping agencies, government agencies, and financial institutions, which have been instrumental to the Group's endeavours over the years, and we wish for continued support as we move to the future.

Lastly, I personally, would like to thank my fellow board members for their contribution and commitment and hope to continue to collaborate as we look forward to the coming years with a positive outlook and hope that we can once again harness our synergy in going beyond our shareholders expectations.

Mr Richard Wee Liang Huat
@ Richard Wee Liang Chiat
Chairman

Directors' Profile

Mr Richard Wee Liang Huat @ Richard Wee Liang Chiat

[Chairman / Non-independent Non-Executive Director]

Malaysian, aged 55, 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 also sits on the Board of many private companies.

Mr Dennis Ling Li Kuang [Chief Executive Officer/Managing Director]

Malaysian, aged 61, was appointed to the Board on 13th February, 2001. Mr Dennis Ling is a Chartered Accountant by profession. He graduated with Bachelor of Commerce Degree from the University of Wollongong in New South Wales, Australia 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 years, he has gained extensive experience and exposure in financial and commercial sectors from which he draws to manage the Hubline Group. He currently holds non executive directorships on the Board of several non-listed companies.

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

Ms. Katrina Ling Shiek Ngee [Executive Director]

Malaysian, aged 35, a Chartered Accountant, was appointed to the Board on 13 February 2001.

She graduated with a Bachelor of Commerce (Accounting & Finance) from Monash University in Melbourne, Australia in 1999. In addition, she completed a Post-Graduate Certificate of Financial Planning from the Financial Services Institute of Australasia in 2007. She is an associate member of the Institute of Chartered Accountants of Australia and a member of the Malaysian Institute of Accountants.

She worked with several public accounting practices and a corporate advisory firm in Australia and accumulated vast experiences in the area of tax, accounting, finance, estate planning, funds management and wealth preservation. Over the past few years, she held senior management positions within the shipping industry. She is currently a member of the Remuneration Committee.

Currently, she does not hold directorship of other public companies.

Ms. Katrina Ling Shiek Ngee is the daughter of Mr. Dennis Ling Li Kuang and Ms Christine Lau Swee Eng, and the sister in law of Ms Jem Magnaye.

Haji Ibrahim Bin Haji Baki [Independent Non-Executive Director]

Malaysian, aged 55, was appointed to the Board on 2 December 1996. He holds an Honours Degree in Law. He is a Barrister-At-Law, and a member of Lincoln's Inn. His business activities include hotel development and management, property development, manufacturing involving wood base, steel and plastic products, construction and services sectors. He is the Chairman of the Audit Committee and member of the Nomination and Remuneration Committees.

Directors' Profile (contd.)

Haji Awang Mohidin Bin Awang Saman [Independent Non-Executive Director]

Malaysian, aged 72, was appointed to the Board on 14 June 2004. He obtained a Diploma in Public and Social Administration from the Victoria University of Manchester, United Kingdom and Diploma in Port Development and Administration from the University of New Orleans, United States of America. 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 and a member of the Audit Committee.

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

[Resigned 28 November 2013]

Malaysian, aged 59, 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 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, the mother of Ms Katrina Ling Shiek Ngee, and the mother in law of Ms Jem Magnaye.

Ms Jem Magnaye [Non-Independent Non-Executive Director]

[Appointed 28 November 2013]

Australian, aged 31, is a member of the Institute of Chartered Accountants in Australia. She has completed a Bachelor of Business (Accounting) from Victoria University in Melbourne Australia in 2004. She has also completed a Graduate diploma of Chartered Accounting from the Institute of Chartered Accountants in Australia in 2007.

Prior to joining HUBline, she has gathered knowledge and experience from her employment in public practice, as well as banking and finance in Melbourne Australia. Her professional background is on accounting and tax compliance involving various entities such as individuals, family trusts, companies, superannuation funds, and investment funds.

She is a member of the Audit Committee and member of the Nomination Committee.

Ms Jem Magnaye is the daughter in law of Mr Dennis Ling Li Kuang and Ms Christine Lau Swee Eng, and sister in law of Ms Katrina Ling Shiek Ngee.

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 have any shares in the subsidiaries of Hubline Berhad.*
- c) *Please refer to page 23 for shareholdings of the directors in Hubline Berhad.*

Statement on Corporate Governance

Maximising Shareholder value is a priority of The Board of Directors ("the Board"). In order to achieve this, the Board provides leadership to Hubline Berhad ("the Group") to ensure the Group continues to meet its strategy and objectives. The Board recognizes that having a sound corporate governance structure in place allows the Board to be equipped to provide the direction and the guidance the Group requires.

The Board's commitment to maintain a high standard of corporate governance is demonstrated by its compliance to the Bursa Malaysia Listing Requirements paragraph 15.25 and application of recommendations contained in the Malaysian Code on Corporate Governance 2012 ("the Code").

A THE BOARD OF DIRECTORS

(i) Role and Responsibilities

The Board holds a vital role in safe-guarding the interests of the Group's shareholders and stakeholders whilst leading the Group to achieve a competitive advantage. Each director has a legal obligation to exercise duties with reasonable care, skill and diligence, however, the law also recognizes the need for the directors to make business judgments and decisions.

These business judgments and decisions are driven by the Board's responsibilities in regards to the overall strategic direction of the Group. The Board is responsible for establishing and reviewing the Group's strategies, monitor and assess the Group's business performance, and identify, manage or mitigate risks surrounding the business including the review of adequacy and integrity of controls that have been implemented. The Board is also responsible for ensuring that there is a smooth transition in leadership by way of succession planning.

Shareholder participation is also strongly encouraged and therefore the Board manages the development and implementation of the shareholder communications policy that covers how feedback is received and considered in decision making.

The Board is expected to devote adequate time to carry out their duties to the Company and should therefore notify the Chairman of any new directorships in other companies that they intend to accept.

The Board and management have established respective roles & responsibilities which uphold the adaptability of the Group to changing circumstances. The Board is also guided by the Code of Conduct, which they can refer to from time to time in determining appropriate behavior to be demonstrated inside and outside of the Group.

The Board operates within the limits of its powers set out in the Board Charter, available on the Group's website.

(ii) Composition

An effective board depends on the successful collaboration of its members. Therefore the Board must possess a diverse range of skills and wealth of experience, and the right balance of Executive, Non-executive, Independent, and Non-independent Directors.

The Board currently comprises 6 members, two Executive Directors, two non-independent non-executive Directors, and two independent non-executive Directors. The presence of the two Independent Non-Executive Directors fulfills a pivotal role in corporate accountability as they provide unbiased and independent judgment, advice and views. The Board composition demonstrates a generous pool of skills and experience in shipping, law, business management, finance and accounting. Gender diversity is also demonstrated by the past and present composition of the Board. Women directors have long been appointed as members, are active in decision making, and represent 1/3 of the Board. The profile of all the directors is set out on pages 7 and 8 of this annual report.

Statement on Corporate Governance (contd.)

(iii) Supply of Information

The Board, whether in their individual capacity or as a collective, has access to relevant information on the Group at any time, as well as access to the services and advice of the suitably qualified and competent Company Secretary, and any other independent professional advice necessary in discharging their duties. These services are made available to the Board at the Company's expense; so that the Board can gather expert advice on specialised issues and better equip them in their analysis and decision making.

In preparation for each Board meeting, the Board members are presented with comprehensive information concerning the matters scheduled for discussion, usually in relation to the performance and financial status of the Group. Each Director is provided with the agenda and a full set of the Board papers in order for them to make fully informed decisions at the Board Meetings.

All proceedings and resolutions reached at each Board Meeting are recorded in the minutes of meetings, which are kept in the Minutes Book at the registered office. Furthermore, the Board also exercises control on matters that require Board's approval through circulation of Directors Resolutions.

During the financial year ended 30 September 2013, six (6) Board Meetings were held. The details of attendance of each of the Directors at the Board Meeting are set out below:

No	Directors	Period of Directorship	No. of meetings attended
1	Dennis Ling Li Kuang	1/10/2012 – 30/09/2013	6/6
2	Richard Wee Liang Huat @ Richard Wee Liang Chiat	1/10/2012 – 30/09/2013	6/6
3	Ibrahim Bin Baki	1/10/2012 – 30/09/2013	6/6
4	Christine Lau Swee Eng	1/10/2012 – 30/09/2013	6/6
5	Awang Mohidin Awang Saman	1/10/2012 – 30/09/2013	6/6
6	Katrina Ling Shiek Ngee	1/10/2012 – 30/09/2013	6/6

(iv) Appointments to the Board

The Nomination Committee was established on 29 September 2001. It 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 12.

(v) Re-election of Directors

In accordance to the Articles of Association of the Company, 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. Consequently, 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.

The Board is required to conduct an assessment of its independent directors annually and put forward for shareholders' approval an independent director serving more than nine years, should the Board believe that such director remains independent. Otherwise, the director may continue to serve in the Board as a non-independent director.

Statement on Corporate Governance (contd.)

(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.

For the financial year ended 30 September 2013, the Directors have attended various seminars covering a range of topics which have provided them with updates on corporate governance, risk mitigation, business trends, and changes in accounting policies and associated tax implications. These seminars are appropriate in providing Directors with continuous education and have enhanced their knowledge and skills in fulfilling their responsibilities as Directors.

(vii) Directors' Remuneration

The Remuneration Committee is directly responsible for setting the policy framework and for making recommendations on remuneration packages and benefits extended to the Chairman and all the Directors.

Details of the Directors' remuneration for the financial year ended 30 September 2013 are as follows:

1. Aggregate remuneration of the Directors categorized into appropriate components:

Types of remuneration	Executive Directors RM	Non-Executive Directors RM
Fees	125,264	152,000
Salaries and other emoluments	2,747,959	45,000
Total	2,873,223	197,000

2. The number of directors whose total remuneration fall within the following bands:

Range of remuneration	Executive Directors	Non-Executive Directors
Less than RM 50,000		3
RM 350,001 - RM 400,000	1	
RM 700,001- RM 750,000		1
RM 1,600,001 – RM 1,650,000	1	

B. BOARD COMMITTEES

The Board has three (3) committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the Committees has the authority to examine particular issues and report to the Board with their recommendations. The objectives of each Committee are outlined below:

(i) The Audit Committee

For information on the Audit Committee, please refer to the Audit Committee Report on pages 16 to 18 of this annual report.

Statement on Corporate Governance (contd.)

(ii) The Remuneration Committee

The Remuneration Committee has been established by the Board, comprising a majority of Non-Executive Directors as follows:

Chairman:

Haji Awang Mohidin Bin Awang Saman (Independent Non-Executive)

Members:

Haji Ibrahim Bin Haji Baki (Independent Non-executive)

Ms Katrina Ling Shiek Ngee (Non-independent Executive)

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

- To put in place the policy framework and put forward recommendations to the Board on remuneration packages, benefits and other terms of employment for Board members that will ensure that their remuneration is in line with their responsibility and contribution
- To assess and recommend to the Board the remuneration packages for Executive Directors to ensure the remuneration packages commensurate with the Executive Directors' contribution to the Group's growth and profitability.

The Remuneration Committee met once during the financial year ended 30 September 2013.

(iii) The Nomination Committee

The Nomination Committee is composed of the following:

Chairman:

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

Members:

Ms Katrina Ling Shiek Ngee (Non-independent Executive)

Resigned on 28 November 2013

Jem Magnaye (Non-independent Non-executive)

Appointed on 28 November 2013

Haji Ibrahim Bin Haji Baki (Independent Non-executive)

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

- To identify, assess and recommend to the Board, suitable candidates for directorship in the Group;
- To recommend to the Board, suitable members to participate on various Board Committees;
- To evaluate the effectiveness of the Board and the Board Committees (including its size and composition) and contributions of each individual director; and
- To ensure appropriate framework is in place for the succession planning for Board Members and the CEO or Managing Director so there is smooth transition and continuity in the leadership of the Group.

The Nomination Committee met once during the financial year ended 30 September 2013.

Statement on Corporate Governance (contd.)

C. SHAREHOLDER COMMUNICATION

The Board acknowledges the need for shareholders to be informed of all development, events and business matters affecting the Group. The Board is guided by the Group's corporate disclosure policies and procedures to ensure the communications are conducted effectively and are in compliance to Bursa Malaysia Listing Requirements. The annual report, announcements through Bursa Malaysia Securities Berhad, and circulars, provide substantial source of information to the shareholders.

Furthermore, the Board takes reasonable steps in encouraging shareholder participation at the Annual General Meeting and Extraordinary General Meetings as these are valuable avenues for shareholders to meet and dialogue with the leaders of the Group on areas such as the progress and performance of the Group. The Board encourages poll voting for shareholders and in compliance to the Bursa Malaysia Listing Requirements, poll voting should be performed in relation to related party transactions.

The latest information of the Group is accessible to shareholders and members of the public via the Bursa Malaysia website at www.bursamalaysia.com as well as the Group's website at www.hubline.com.

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 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.

Directors' Responsibility Statement

The Directors are responsible to ensure that the financial statements of the Group for each financial year are prepared in accordance with the applicable approved Financial Reporting Standards as Issued by the Malaysian Accounting Standards Board, the provisions of the Companies Act, 1965 ("Act") and the listing requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The Directors aim to ensure that the financial statements give a true and fair view of the state of affairs of the Group, and in order to achieve this, the Board implements 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 Group, there are no material matters that may affect the ability of the Group to continue in business on a going concern basis

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group 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 fraud and other irregularities.

Statement on Corporate Governance (contd.)

Corporate Social Responsibility

The Group acknowledges the importance of social responsibility and has therefore continued its efforts to ensure it preserves the positive relationship it has with the community.

During the year under review, the Group continued its social contribution through various means including making donations to charitable organisations such as the Salvation Army of Kuching, the Sarawak Society for Prevention of Cruelty to Animals, the Bau Chinese Charitable Trust, and the Autistic Children Association.

The Group has also continued its scholarship program that gave Malaysians, who might have otherwise been unable to afford formal education, an opportunity to enter into marine cadet courses in the Akademi Laut Malaysia (ALAM). Upon completion of the course, the candidates acquire their qualifications to become local seafarers. Harnessing local talent and skill aids to boost the supply of human resources for the local maritime industry.

During the year under review, five (5) candidates of the scholarship program who had graduated commenced employment on-board the Group's vessels.

Other Disclosures

Share Buybacks

During the financial year ended 30 September 2013, the Group did not purchase any of the Group's own ordinary shares from the open market to retain as treasury shares.

To date, the total number of shares bought back by the Group and retained as treasury shares is 13,596,600. Such treasury shares are held at a carrying amount of RM 4,192,396. None of the treasury shares held were resold or cancelled during the financial year ended 30 September 2013.

Options, Warrants or Convertible Securities

During the financial year ended 30 September 2013, as part of Rights issue conducted by the Group, 432,151,212 free detachable warrants were issued.

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

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

Imposition of Sanctions and Penalties

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

Material Contracts

The Board has ensured that as at the end of the financial year 30 September 2013, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group and its subsidiaries involving interests of the 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

During the financial year ended 30 September 2013, the Group successfully raised RM 75.6 million via the Rights Issue completed on October 2012. The proceeds were utilised for the settlement of the Murabahah Commercial Papers/ Murabahah Medium Term Notes and Bai' Bithaman Ajil Islamic Debt Securities.



Statement on Corporate Governance (contd.)

Non-Audit Fee

There were no non-audit fees paid to external auditors for the financial year ended 30 September 2013, except for fees for professional tax services rendered.

Profit Guarantees

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

Variance in results

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

Audit Committee Report

Chairman : Haji Ibrahim Bin Haji Baki
Independent Non-Executive Director

Members : Haji Awang Mohidin Bin Awang Saman
Independent Non-Executive Director

Katrina Ling Shiek Ngee (*Resigned on 28 November 2013*)
Non-Independent Non-Executive Director
Member of the Institute of Chartered Accountants in Australia and the Malaysian Institute of Accountants.

Jem Magnaye (*Appointed on 28 November 2013*)
Non-Independent Non-Executive Director
Member of the Institute of Chartered Accountants in Australia

TERMS OF REFERENCE

1. OBJECTIVES

The principal objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to the accounting and reporting practices of the Group. In addition, part of the Committee's function is to 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 to determine the adequacy of the Group's control environment.

2. SIZE AND COMPOSITION

The Audit Committee shall comprise of at least three directors, the majority of whom shall be independent non-executive members of the Board. The Committee shall elect a chairperson who is an independent non-executive director from among its members. 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 experience 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, or possesses such other qualification as prescribed and approved by Bursa Malaysia in accordance with the Main Market Listing Rules.

3. MEETINGS AND ATTENDANCE

The Audit Committee is required to hold meetings, four (4) times a year at the minimum, with authority to convene additional meetings, if necessary. A quorum shall consist of two members. The majority of members present must be independent directors. Directors, employees, auditors or others 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 full and unrestricted access to all information and documents, and have direct communication channels to the internal and external auditors and to senior management of the Group. 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 that it requires from any employee, and all employees are directed to cooperate with any request made by the Committee.

The Committee, if deemed necessary, is authorized by the Board of Directors to obtain external legal or other independent professional advice and also to secure the attendance of external consultants with relevant experience and expertise so that the Committee will be better equipped to fulfill its purpose.

Audit Committee Report (contd.)

5. REPORTING

The Committee shall provide formal written or verbal report to the Board, as it considers appropriate on the matters within its terms of reference, at least four times a year, but more frequently if required. The Committee shall update to the Board on any specific matters that the Board has requested the Committee to investigate and report on.

6. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are as follows:

- Oversee the appointment of the external auditor.
- Review the quality of service provided by the external auditor, in terms of the efficiency and effectiveness of their service, as well as looking into the audit fee in relation to services rendered to the Group, and any questions of resignation or dismissal.
- Before the audit commences, discuss the nature and scope of the audit with the external auditors and review the audit plan.
- Review of the quarterly and year-end financial statements of the Group, prior to the approval by the Board of Directors, with particular focus on changes in accounting policies and practices, significant adjustments arising from the audit, the going concern assumption, and compliance with accounting standards and other legal requirements.
- Discuss the outcome of the internal and external audits, including issues and other matters the auditors wish to discuss.
- Review the auditor's management letter and management response.
- Review any related party transactions and conflicts of interest situations that may arise within the Group.
- Review the audit report and consider major findings arising from internal investigations and management's response in relation to these findings.
- Review the accounting controls with the external auditors.
- Review the adequacy of scope, functions, and resources of the internal audit function, and that it has necessary authority to carry out its work.
- Review the internal audit programme, results of the internal audit process, and the action taken by management on the recommendations of the committee.
- Review any appraisal or assessment of performance of members of the internal audit function.
- Approve any appointment or termination of senior staff members of the internal audit function.
- Note and assess resignations of internal audit staff and provide an opportunity to the staff to provide reasons for their resignation.
- Review any evaluation made on the systems of internal controls with the internal and external auditors.
- Review the assistance given by the Group's officers to the external auditors.
- Undertake such other responsibilities, or consideration of other topics, as may be agreed to by the Committee and the Board of Directors.
- Provide updates and feedback to the Board of Directors in relation to its activities, significant results and findings.

7. SUMMARY OF ACTIVITIES

There were five (5) Audit Committee meetings held during the financial year ended 30 September 2013, with complete attendance at each meeting.

The summary of activities of the Audit Committee during the financial year is as follows:

- Review of the quarterly results and 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.
- Review of the audit plan and scope of work prepared by both the internal and external auditors.
- Review of the annual audited financial statements of the Group and made recommendations to the Board of Directors for approval.
- Review of the internal audit reports and their findings and recommendations relating thereto.
- Review of the annual Statement on Internal Control and Statement on Corporate Governance.
- Review of the fees and independence of external auditors.

Audit Committee Report (contd.)

8. INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department, which reports to the Audit Committee and also provides the Board with assistance in implementing and maintaining effective internal controls systems 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 thorough assessments of the financial and operational controls systems so as to ensure that these systems operate 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 processes in the Group.

Also under the Group's Internal Audit Department is the Group's Ship Management Audit division that performs scheduled audits on the Group's vessels. This division's 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. Ensuring regular maintenance and enhancing safety and reliability of the vessels also contributes to preserving the condition of these significant assets of the Group.

Internal Audit reports, incorporating audit findings, recommendations and follow-up on corrective actions are submitted to the Audit committee. The cost incurred for the internal audit function in respect of the financial year ended 30 September 2013 was approximately RM 230,000.

Statement on Risk Management and Internal Control

The Malaysian Code on Corporate Governance 2012 ('MCCG2012') requires the Board of Directors ('Board') of public listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets.

In compliance with Paragraph 15.26(b) and Practice Note 9 issued by Bursa Malaysia Securities Bhd ('Bursa Malaysia'), the Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the year.

The Board's Responsibilities

The Board acknowledges its overall responsibility for the Group's Risk Management & Internal Control Framework. This involves careful identification of risks and evaluation of their impact, the establishment of appropriate systems and controls, designed to ensure the Group's key areas of risks are managed within an acceptable risk profile in order to achieve the Group's strategic objectives, as well as continuous review and evaluation of the adequacy and integrity of those systems and controls.

The Board also acknowledges that such a framework is designed to manage, rather than eliminate risks, and therefore cannot provide an absolute assurance in this regard, or absolute assurance against the occurrence of material errors, losses, poor judgment in decision making, human errors, fraud or other irregularities.

Risk Management

Risk management has been embedded in the Group's management system as the Group firmly believes that risk management is crucial for the Group's sustainability as well as to ensure its assets and reputation is protected at all times.

The senior management team is responsible for monitoring the implementation of the risk management policies and processes, as well as the assessment of their effectiveness. The risk management framework is put in place and it sets out the Group's underlying approach to risk management that is reviewed and approved by the Board. Material findings and recommendations in respect of significant risk matters are regularly reported to the Audit Committee.

Internal Audit

The Internal Audit Department independently reviews the adequacy and integrity of the system of internal controls in managing the key risks to provide the Audit Committee and the Board with sufficient assurance that the system of internal controls is effective in addressing the risks identified.

On a quarterly basis, significant audit findings are tabled at the Audit Committee meeting for deliberation. Included in the reports are recommended corrective measures on risks identified, if any, for implementation by Management.

Key Features of the Group's Internal Controls

Financial Reporting:

Periodic reporting provides an indication on how the business is tracking against expectations. Policies and procedures surrounding preparation and review of the financial reports provide confidence to the users of the information that the contents of the financial reports are accurate, relevant, and timely.

Training & Development:

Professional and Technical personnel are enrolled into training programs or seminars for certification. Key personnel are also encouraged to participate in seminars and courses to keep up to date with changes in the industry.

Information Technology Security

Access to files and documents are restricted. Only authorised users are granted passwords in order to limit access to the systems. Files and documents are stored in a safe place and are backed up regularly in case of emergency.

Operating systems are kept up to date to comply with regulatory changes.

Segregation of Duties

Employees are allocated with roles and responsibilities with separate functions so as to prevent pilferage, fraud, leakage of sensitive information, and other similar business risks. Authorisation by senior management is required in all activities that involve the dealing/handling of the Group's assets and information.

People & Processes

The head of Human Resources ensures that qualified and experienced candidates are employed by the Group. The candidates should also possess the values and principles that are in line with the Group's and are able to conduct themselves in a professional/socially acceptable manner. Proper induction and training are conducted to ensure that new employees are able to settle in smoothly in their role as well as to ensure that they are aware of all processes and procedures relevant to their day to day tasks. Reporting channels are in place for review of each staff's work output and overall performance.

Insurance

The Shipping and Logistics Industry is affected by a lot of environmental factors that are out of the Group's control. This includes, harsh weather conditions, international maritime laws, cross border political conflicts and piracy.

In the event that the Group is unable to deliver according to contracts and agreements with customers due to the above mentioned factors, adequate insurance cover is in place to address the above risks to the business.

Asset Registers and Inventory Control

Asset registers and inventory records are regularly maintained up to date to ensure that the Group's physical assets are safe and are accounted for. Authorisation channels are in place to facilitate the purchase, use, and sale of assets to mitigate the risk of theft, damage and unfair pricing.

Foreign Currency and Oil Price

Due to the Group's international operations, the Group is exposed to foreign currency and commodities volatility. The Finance team ensures that the Group is able to get the best rates in the market by maintaining professional relationships with a variety of banks and other financial institutions. The Finance team ensures that adequate funds are available, denominated in the relevant currencies, to enable the Group to meet its financial obligations.

In terms of bunker procurement, authorised officers also compare prices from a large number of suppliers as well as carefully plan the timing and location at which the orders should take place. This ensures the efficiency of bunker utilisation.

The Group does not speculate on foreign currency and commodities.

Assurance

The Board has received assurance from the Group Chief Executive Officer ('CEO') and Chief Financial Officer ('CFO') that the Group's overall risk management and internal control system, in all material aspects, is operating adequately and effectively based on the existing risk management and internal control system of the Group.

The Board has reviewed and believes that the systems of risk management and internal control are considered appropriate to their business operations, and that the risks taken are at an acceptable level within the context of the business environment of the Group. The Board recognises that the development of risk management and internal control systems is an ongoing process. Therefore, in striving for continuous improvement, the Board will continue to take appropriate action plans to strengthen the risk management and internal control systems.

The Board is also of the view that overall risk management and internal control systems are sound and it is not aware of any significant weaknesses or deficiencies for the financial year ended 30 September 2013.

This statement is made in accordance with a resolution of the Board of Directors dated 29 January 2014.

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Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2013.

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
Loss net of tax attributable to owners of the parent	<u>(207,672,376)</u>	<u>(252,426,032)</u>

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.

Dividends

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

Directors

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

Richard Wee Liang Huat @ Richard Wee Liang Chiat
 Ling Li Kuang
 Ibrahim Bin Baki
 Katrina Ling Shiek Ngee
 Awang Mohidin Bin Awang Saman
 Lau Swee Eng – resigned on 28 November 2013
 Jem Magnaye – appointed on 28 November 2013

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 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' Report (contd.)

Directors' interests

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

	← Number of Ordinary Shares of RM0.20 Each →			
	1.10.2012	Acquired	Sold	30.9.2013
Direct Interest:				
Ling Li Kuang	22,250,000	-	-	22,250,000
Lau Swee Eng	54,482,316	-	-	54,482,316
Richard Wee Liang Huat @ Richard Wee Liang Chiat	200,000	426,100,000	(418,550,000)	7,750,000
Deemed interest:				
Ling Li Kuang	63,205,716	-	-	63,205,716
Lau Swee Eng	30,973,400	-	-	30,973,400
Katrina Ling Shiek Ngee	85,455,716	-	-	85,455,716

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 share capital

During the financial year, the Company issued 1,080,378,031 new ordinary shares of RM0.20 each through a renounceable two-call rights issue at an issue price of RM0.20 per ordinary shares, of which the first call of RM0.07 was payable in cash on application and the second call of RM0.13 was capitalised from the Company's reserve. The issue cost of RM846,386 have been included in the share premium account. The new ordinary shares rank paripassu in all respect with the existing ordinary shares of the Company.

Other statutory information

- (a) Before the statements of comprehensive income and statement of financial position 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.

Directors' Report (contd.)

Other statutory information (contd.)

- (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) 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

Details of significant events are disclosed in Note 34 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 29 January 2014.

Ling Li Kuang

Katrina Ling Shiek Ngee



Statement by Directors

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

We, **Ling Li Kuang** and **Katrina Ling Shiek Ngee**, 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 28 to 91 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2013 and their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 35 to the financial statements have been presented in accordance with directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 January 2014

Ling Li Kuang

Katrina Ling Shiek Ngee

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 28 to 91 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, 1960.

Subscribed and solemnly declared by
the abovenamed **Ling Li Kuang**
at Kuching in the State of Sarawak
on 29 January 2014

Ling Li Kuang

Before me,

Phang Dah Nan
Commissioner for Oaths
No Q 119

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 statements of financial position as at 30 September 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 28 to 91.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as at 30 September 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.



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

Other reporting responsibilities

The supplementary information set out in Note 35 on page 92 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

- (1) As stated in Note 2.2 to the financial statements, Hubline Berhad adopted Malaysian Financial Reporting Standards on 1 October 2012 with a transition date of 1 October 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 30 September 2012 and 1 October 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 September 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 30 September 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 October 2012 do not contain misstatements that materially affect the financial position as of 30 September 2013 and financial performance and cash flows for the year then ended.
- (2) 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

CHIN MUI KHIONG PETER
No. 1881/03/14 (J)
Chartered Accountant

Kuching, Malaysia
Date: 29 January 2014

Consolidated Statement of Comprehensive Income

For the financial year ended 30 September 2013

	Note	2013 RM	2012 RM
Revenue	4	388,623,207	499,063,491
Cost of sales		(368,463,733)	(431,280,340)
Gross profit		20,159,474	67,783,151
Other income	5	24,063,593	10,293,067
Administrative and other operating expenses		(232,560,755)	(49,609,185)
Finance costs	6	(16,100,794)	(24,824,614)
(Loss)/profit before tax	7	(204,438,482)	3,642,419
Income tax expense	10	(3,233,894)	(1,258,344)
(Loss)/profit net of tax attributable to owners of the parent		(207,672,376)	2,384,075
Other comprehensive income			
Net gain on available-for-sale financial assets			
- Transfer to profit or loss upon disposal		(4,145,515)	-
- Gain on fair value changes		-	5,436,958
Foreign currency translation		18,146,174	(1,047,162)
Other comprehensive income for the year, net of tax, attributable to owners of the parent		14,000,659	4,389,796
Total comprehensive income for the year attributable to owners of the parent		(193,671,717)	6,773,871
(Loss)/earnings per share attributable to owners of the parent (sen):			
Basic	11(a)	(6.53)	0.12
Diluted	11(b)	-	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Financial Position

As at 30 September 2013

	Note	2013 RM	2012 RM	As at 1.10.2011 RM
ASSETS				
Non-current assets				
Property, plant and equipment	12	486,931,730	578,501,141	583,154,171
Prepaid land lease payments	13	10,490,459	10,599,734	10,709,009
Intangible assets	14	85,968,987	86,585,341	87,243,114
Investments in associates	16	-	1	1
Investment securities	17	1	9,223,827	4,003,550
Deferred tax assets	27	18,138,685	19,223,660	19,870,633
		<u>601,529,862</u>	<u>704,133,704</u>	<u>704,980,478</u>
Current assets				
Inventories	18	13,128,977	26,247,718	31,419,576
Trade and other receivables	19	139,869,319	215,945,543	191,845,108
Other current assets	20	2,459,953	5,223,222	10,377,045
Cash and bank balances	21	14,741,525	31,315,063	124,418,516
		<u>170,199,774</u>	<u>278,731,546</u>	<u>358,060,245</u>
TOTAL ASSETS		<u><u>771,729,636</u></u>	<u><u>982,865,250</u></u>	<u><u>1,063,040,723</u></u>
EQUITY AND LIABILITIES				
Equity attributable to owners of parent				
Share capital	22	579,276,375	376,165,225	334,747,048
Share premium	22	2,357,179	33,203,565	33,371,024
Warrant reserve	22	71,669,843	58,705,307	39,076,804
Treasury shares	22	(4,192,396)	(4,192,396)	(4,192,396)
Other reserves	23	(11,218,944)	(25,219,603)	(29,609,399)
(Accumulated losses)/retained earnings		(204,679,866)	113,441,654	111,057,579
Total equity		<u>433,212,191</u>	<u>552,103,752</u>	<u>484,450,660</u>
Non-current liabilities				
Loans and borrowings	24	145,089,385	142,679,517	296,018,142
Deferred tax liabilities	27	14,240,905	12,790,300	12,328,931
		<u>159,330,290</u>	<u>155,469,817</u>	<u>308,347,073</u>
Current liabilities				
Loans and borrowings	24	102,746,970	230,687,487	221,686,992
Trade and other payables	25	76,116,374	44,572,296	47,521,836
Other current liabilities	26	223,184	-	680,657
Tax payable		100,627	31,898	353,505
		<u>179,187,155</u>	<u>275,291,681</u>	<u>270,242,990</u>
Total liabilities		<u>338,517,445</u>	<u>430,761,498</u>	<u>578,590,063</u>
TOTAL EQUITY AND LIABILITIES		<u><u>771,729,636</u></u>	<u><u>982,865,250</u></u>	<u><u>1,063,040,723</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 30 September 2013

	Attributable to Owners of Parent					
	Non-Distributable			Distributable		
	Share capital (Note 22) RM	Share premium (Note 22) RM	Warrant reserve (Note 22) RM	Treasury shares (Note 22) RM	Other reserves (Note 23) RM	Total equity RM
At 1 October 2011	334,747,048	33,371,024	39,076,804	(4,192,396)	(29,609,399)	484,450,660
Issuance of ordinary shares pursuant to private placement	41,418,177	(167,459)	19,628,503	-	-	60,879,221
Total comprehensive income	-	-	-	-	4,389,796	6,773,871
At 30 September 2012	376,165,225	33,203,565	58,705,307	(4,192,396)	(25,219,603)	552,103,752
Issuance of ordinary shares pursuant to rights issues	203,111,150	(30,846,386)	12,964,536	-	-	74,780,156
Total comprehensive income	-	-	-	-	14,000,659	(193,671,717)
At 30 September 2013	579,276,375	2,357,179	71,669,843	(4,192,396)	(11,218,944)	433,212,191

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 September 2013

	Note	2013 RM	2012 RM
Cash flows from operating activities			
(Loss)/profit before tax		(204,438,482)	3,642,419
Adjustments for:			
Bad debts written off	5	11,205	-
Interest income	5	(344,564)	(881,372)
Interest expense	6	16,100,794	24,824,614
Loss/(gain) on disposal of property, plant and equipment, net	7	54,076,872	(2,913,457)
Gain on disposal of investment securities		(4,310,216)	-
Amortisation of intangible assets	7	616,354	616,354
Amortisation and prepaid land lease payments	7	109,275	109,275
Property, plant and equipment written off	7	1,843	289,041
Impairment loss on trade and other receivables	7	93,966,441	1,596,127
Impairment loss on property, plant and equipment	7	6,600,000	8,512,000
Depreciation of property, plant and equipment	7	41,529,104	45,900,338
Unrealised foreign exchange gains, net	7	(11,399,350)	(9,144,079)
Transfer from foreign translation reserve	7	28,701,368	-
Operating cash flows before working capital changes		21,220,644	72,551,260
Decrease in inventories		13,118,741	2,940,015
Increase in receivables		(1,303,969)	(16,552,483)
Decrease in other current asset		802,545	240,239
Increase/(decrease) in payables		31,544,078	(2,949,540)
Increase/(decrease) in other current liabilities		223,184	(680,657)
Cash generated from operations		65,605,223	55,548,834
Interest paid		(16,100,794)	(24,824,614)
Taxes refunded		2,732,864	5,590,763
Taxes paid		(1,401,725)	(1,797,517)
Net cash generated from operating activities		50,835,568	34,517,466
Cash flows from investing activities			
Purchase of property, plant and equipment		(29,138,950)	(79,564,259)
Proceeds from disposal of property, plant and equipment		26,291,950	29,375,876
Proceeds from disposal of investment securities		9,388,526	-
Interest received		344,564	881,372
Net cash generated from/(used in) investing activities		6,886,090	(49,307,011)

Consolidated Statement of Cash Flows

For the financial year ended 30 September 2013 (contd.)

	Note	2013 RM	2012 RM
Cash flows from financing activities			
Proceeds from private placement of shares		-	61,046,680
Proceeds from right issues		75,626,542	-
Share issuance expense		(846,386)	-
Private placement expenses		-	(167,459)
Repayment of hire purchase and lease financing		(9,888,155)	(15,417,651)
Net repayment of other borrowings		(120,053,195)	(128,952,620)
Decrease in cash at bank and deposits with licensed bank pledged for borrowings		9,362,601	84,727,127
Net cash (generated from)/used in financing activities		(45,798,593)	1,236,077
Net increase/(decrease) in cash and cash equivalents		11,923,065	(13,553,468)
Cash and cash equivalents at beginning of year		15,384,671	23,593,138
Effects of exchange rate changes		(17,800,130)	5,345,001
Cash and cash equivalents at end of year	21	9,507,606	15,384,671

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Comprehensive Income

For the financial year ended 30 September 2013

	Note	2013 RM	2012 RM
Revenue	4	-	256,556,667
Other income	5	14,338,900	19,208,262
Administrative expenses		(258,277,882)	(5,468,034)
Finance costs	6	(8,487,050)	(16,608,956)
(Loss)/profit before tax	7	(252,426,032)	253,687,939
Income tax expense	10	-	(1,565,091)
(Loss)/profit net of tax, representing total comprehensive income for the year		<u>(252,426,032)</u>	<u>252,122,848</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Financial Position

As at 30 September 2013

	Note	2013 RM	2012 RM	As at 1.10.2011 RM
ASSETS				
Non-current assets				
Property, plant and equipment	12	869	1,381	2,882
Investments in subsidiaries	15	371,899,793	301,512,382	301,512,382
		<u>371,900,662</u>	<u>301,513,763</u>	<u>301,515,264</u>
Current assets				
Other receivables	19	142,762,009	474,857,949	211,209,661
Other current assets	20	-	1,137,297	902,294
Cash and bank balances	21	4,227,437	16,227,862	96,228,836
		<u>146,989,446</u>	<u>492,223,108</u>	<u>308,340,791</u>
TOTAL ASSETS		<u><u>518,890,108</u></u>	<u><u>793,736,871</u></u>	<u><u>609,856,055</u></u>
EQUITY AND LIABILITIES				
Equity attributable to owners of parent				
Share capital	22	579,276,375	376,165,225	334,747,048
Share premium	22	2,357,179	33,203,565	33,371,024
Warrant reserve	22	71,669,843	58,705,307	39,076,804
Treasury shares	22	(4,192,396)	(4,192,396)	(4,192,396)
(Accumulated losses)/retained earnings		(239,287,840)	123,587,336	(128,535,512)
Total equity		<u>409,823,161</u>	<u>587,469,037</u>	<u>274,466,968</u>
Non-current liabilities				
Loans and borrowings	24	85,890,132	78,057,528	215,513,406
Current liabilities				
Loans and borrowings	24	22,620,205	127,735,844	119,448,683
Other payables	25	533,102	474,462	426,998
Tax payable		23,508	-	-
		<u>23,176,815</u>	<u>128,210,306</u>	<u>119,875,681</u>
Total Liabilities		<u>109,066,947</u>	<u>206,267,834</u>	<u>335,389,087</u>
TOTAL EQUITY AND LIABILITIES		<u><u>518,890,108</u></u>	<u><u>793,736,871</u></u>	<u><u>609,856,055</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company Statement of Changes in Equity

For the financial year ended 30 September 2013

	Note	Non-Distributable				(Accumulated losses)/ retained earnings	Total equity
		Share capital (Note 22)	Share premium (Note 22)	Warrant reserve (Note 22)	Treasury shares (Note 22)		
		RM	RM	RM	RM	RM	RM
At 1 October 2011		334,747,048	33,371,024	39,076,804	(4,192,396)	(128,535,512)	274,466,968
Issuance of ordinary shares pursuant to private placement		41,418,177	(167,459)	19,628,503	-	-	60,879,221
Profit net of tax, representing total comprehensive income for the year		-	-	-	-	252,122,848	252,122,848
At 30 September 2012		376,165,225	33,203,565	58,705,307	(4,192,396)	123,587,336	587,469,037
Issuance of ordinary shares pursuant to rights issues		203,111,150	(30,846,386)	12,964,536	-	(110,449,144)	74,780,156
Loss net of tax, representing total comprehensive income for the year		-	-	-	-	(252,426,032)	(252,426,032)
At 30 September 2013		579,276,375	2,357,179	71,669,843	(4,192,396)	(239,287,840)	409,823,161

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flows

For the financial year ended 30 September 2013

	Note	2013 RM	2012 RM
Cash flows from operating activities			
(Loss)/profit before tax		(252,426,032)	253,687,939
Adjustments for:			
Dividend income	4	-	(256,556,667)
Interest income	5	(7,400,467)	(13,502,747)
Reversal of impairment loss on receivables	5	-	(5,296,462)
Interest expense	6	8,487,050	16,608,956
Impairment loss on investment in subsidiaries	7	29,612,593	-
Impairment loss on receivables	7	227,353,205	-
Depreciation of property, plant and equipment	7	512	1,501
Unrealised foreign exchange (gain)/loss, net	7	(6,938,433)	4,835,152
Operating cash flows before working capital changes		(1,311,572)	(222,328)
Decrease/(increase) in receivables		122,234,771	(250,442,453)
Increase in other current asset		242,678	(242,678)
Decrease in payables		58,640	47,464
Cash generated from/(used in) operations		121,224,517	(250,859,995)
Interest paid		(8,487,050)	(16,608,956)
Taxes refunded		918,127	-
Taxes paid		-	(749)
Net cash generated from/(used in) operating activities		113,655,594	(267,469,700)
Cash flows from investing activities			
Additional investment in subsidiaries		(100,000,004)	-
Interest received		276,371	758,222
Dividend received		-	255,000,000
Net cash (used in)/generated from investing activities		(99,723,633)	255,758,222
Cash flows from financing activities			
Proceeds from private placement of shares		-	61,046,680
Proceeds from rights issues		75,626,542	-
Share issuance expense		(846,386)	(167,459)
Net repayment of borrowings		(100,708,922)	(129,162,795)
Decrease in cash at bank and deposits with licensed bank pledged for borrowings		10,023,601	81,247,012
Net cash (used in)/generated from financing activities		(15,905,165)	12,963,438
Net (decrease)/increase in cash and cash equivalents		(1,973,204)	1,251,960
Cash and cash equivalents at beginning of year		5,215,044	3,963,084
Cash and cash equivalents at end of year	21	3,241,840	5,215,044

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



Notes to the Financial Statements

For the financial year ended 30 September 2013

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office 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 15. 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 29 January 2014.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted MFRS and IC Interpretations which are mandatory for financial periods beginning on or after 1 October 2012 as described fully in Note 2.2.

The financial statements of have been prepared on the historical basis except as disclosed in the accounting policies below.

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

2.2 First-time adoption of MFRS

The financial statements for the year ended 30 September 2013 are the first the Company has prepared in accordance with MFRS. For periods up to and including the year ended 30 September 2012, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

Accordingly, the Group and the Company has prepared financial statements which comply with MFRS applicable for year ending on or after 30 September 2013, together with the comparative period as at and for the year ended 30 September 2012, as described in the accounting policies. In preparing these financial statements, the Group and the Company's opening statement of financial position was prepared as at 1 October 2011, the Group and the Company's date of transition to MFRS. The transition from FRS to MFRS has not had a material impact on the statement of financial position, statement of comprehensive income and statement of cash flow. Accordingly, notes related to the statement of financial position as at date of transition to MFRSs are not presented.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group and the Company's financial statements are disclosed below. The Company intends to adopt applicable standards when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 3 Business Combination (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Description	Effective for annual periods beginning on or after
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
MFRS 127 Consolidations and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)	1 January 2013
Amendment to IC Interpretation 2 Member's Shares in Co-operative and similar Instruments (Annual Improvements 2009 - 2011 Cycle)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendment to MFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards - Government Loans	1 January 2013
Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards - Annual Improvements 2009 - 2012 cycle	1 January 2013
Amendment to MFRS 116 Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle)	1 January 2013
Amendment to MFRS 132 Financial Instruments Presentation (Annual Improvements 2009 - 2011 Cycle)	1 January 2013
Amendment to MFRS 134 Interim Financial Reporting (Annual Improvements 2009 - 2011 Cycle)	1 January 2013
Amendments to MFRS 10 Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendment to MFRS 11 Joint Arrangements: Transition Guidance	1 January 2013
Amendment to MFRS 12 Disclosure of Interests in Other Entities: Transition Guide	1 January 2013
Amendment to MFRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendment to MFRS 10, MFRS 12 and MFRS 127 Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
MFRS 9 Financial instruments	1 January 2015

The directors expect that the adoption of the amendments/standards above will have no material impact on the financial statements of the Group and the Company in the period of initial application. The nature of the impending changes in accounting policies on adoption of applicable amendments/standards are described below:

Annual periods beginning on or after 1 January 2013

- Amendments to MFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities**

The amendments to MFRS 7 require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognised financial instruments that are set off in accordance with MFRS 132. These disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with MFRS 132. The amendments to MFRS 7 are to be retrospectively applied for annual periods beginning on or after 1 January 2013. The amendments affect disclosures only and have no impact on the Group's and Company's financial position or performance.



Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Annual periods beginning on or after 1 January 2014

- **Amendments to MFRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities**

These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the MFRS 132 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlements mechanisms that are not simultaneous. The amendments to MFRS 132 are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The amendments affect disclosures only and has no impact on the Group’s and Company’s financial position or performance.

Annual periods beginning on or after 1 January 2015

- **MFRS 9, Financial Instruments: Classification and Measurement**

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Company’s financial assets. The Group and the Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest’s proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group’s previously held equity interest in the acquiree (if any), over the net fair value of the acquiree’s identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.9(a). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.5 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 Foreign currency

(a) 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.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations 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 reporting date.



Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.7 Property, plant and equipment

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 profit or loss 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 as follows:

Buildings	25 years to 45 years
Furniture, fittings & motor vehicles	2 years to 10 years
Plant and machinery	5 years to 10 years
Vessels and vessel equipment and drydocking expenditure	3 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.

2.8 Prepaid land lease payments

Prepaid land lease payments are initially measured at cost. Following initial recognition, prepaid land lease payments are measured at cost less accumulated amortisation and accumulated impairment losses. The prepaid land lease payments are amortised over their lease terms.

2.9 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.9 Intangible assets (contd.)

(b) 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 economic useful life of 5 years and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets in accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.



Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.12 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An 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.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. 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 for 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, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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.

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.13 Financial assets (contd.)

(a) Financial assets at fair value through profit or loss (contd.)

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.



Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.13 Financial assets (contd.)

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.14 Impairment of financial assets (contd.)

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term deposits with a maturity term of three months or less, net of outstanding bank overdrafts.

2.16 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 incurred in bringing the inventories to their present location and condition are accounted for as purchase costs on first-in, first-out basis.

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 of completion and the estimated costs necessary to make the sale.

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.



Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.17 Financial liabilities (contd.)

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.19 Employee benefits

(a) 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.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.20 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(g).

2.21 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. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(a) Freight revenue

Freight revenue for cargoes loaded onto the vessels and their relevant discharging costs are accrued in the profit or loss. Revenue and expenses from incomplete voyages are recognised in proportion to their stage of completion. The stage of completion is determined by the number of days of the voyages completed in relation to the total voyage days for vessels in voyage as at the financial year end. If it is likely that the total expenses from incomplete voyages will exceed their total revenue, the expected loss is recognised as an expense.

(b) Charter income

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

(c) Revenue from services

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

(d) Equipment rental income

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



Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.21 Revenue recognition (contd.)

(e) Sale of goods

Revenue from sale of goods is recognised upon transfer of significant risks and rewards of ownership to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(f) Dividend income

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

2.22 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.22 Income taxes (contd.)

(b) Deferred tax (contd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue 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.

2.26 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.



Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

2. Summary of significant accounting policies (contd.)

2.26 Financial guarantee contracts (contd.)

As at reporting date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees is minimal.

3. Significant accounting estimates and judgements

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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.

(a) 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 2013 was RM84,617,272 (2012: RM84,617,272). Further details are disclosed in Note 14.

(b) Useful lives 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 5 and 30 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. A 5% difference in the average useful lives of these assets from management's estimates would result in approximately 1% (2012: 28%) variance in (loss)/profit for the year.

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 19.

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available and capital allowances against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

3. Significant accounting estimates and judgements (contd.)

3.1 Key sources of estimation uncertainty (contd.)

(d) Deferred tax assets (contd.)

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future freight revenue, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying amount of deferred tax assets of the Group at 30 September 2013 was RM18,138,685 (2012: RM19,223,660).

4. Revenue

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Shipping and related activities	387,935,278	499,063,491	-	-
Trading activities	687,929			
Dividend income	-	-	-	256,556,667
	<u>388,623,207</u>	<u>499,063,491</u>	<u>-</u>	<u>256,556,667</u>

5. Other income

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest income	344,564	881,372	7,400,467	13,502,747
Insurance recovery	431,899	237,254	-	-
Gain on disposal of property, plant and equipment	241,491	4,694,205	-	-
Gain on disposal of investment securities	4,310,216	-	-	-
Rental income	5,350	234,330	-	-
Foreign exchange gains:				
- realised	1,000,443	409,219	-	409,053
- unrealised	17,259,362	1,820,506	6,938,433	-
Reversal of impairment loss on receivables	-	-	-	5,296,462
Miscellaneous	470,268	2,016,181	-	-
	<u>24,063,593</u>	<u>10,293,067</u>	<u>14,338,900</u>	<u>19,208,262</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

6. Finance costs

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest expense on:				
Borrowings	15,310,331	17,150,462	7,696,587	8,934,804
Islamic Private Debt Securities	790,463	7,674,152	790,463	7,674,152
	<u>16,100,794</u>	<u>24,824,614</u>	<u>8,487,050</u>	<u>16,608,956</u>

7. (Loss)/profit before tax

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Employee benefits expense (Note 8)	32,929,547	41,514,403	84,623	75,999
Non-executive directors' remuneration (Note 9)	197,000	201,772	120,000	120,000
Auditors' remuneration:				
- current year	360,602	371,862	37,000	37,000
- under provision in prior year	4,254	4,400	-	5,000
Amortisation of intangible assets (Note 14)	616,354	616,354	-	-
Amortisation of prepaid land lease payments (Note 13)	109,275	109,275	-	-
Bad debts written off	11,205	-	-	-
Charter hire of vessels	196,355	4,494,975	-	-
Depreciation of property, plant and equipment (Note 12)	41,529,104	45,900,338	512	1,501
Loss/(gain) on disposal of property, plant and equipment, net	54,076,872	(2,913,457)	-	-
Impairment loss on property, plant and equipment (Note 12)	6,600,000	8,512,000	-	-
Hire of tugs	1,766,234	2,200,001	-	-
Hire of equipment	3,045,467	3,599,466	-	-
Rental of premises	1,772,222	2,094,101	180,600	86,000
Property, plant and equipment written off	1,843	289,041	-	-
Transfer from foreign translation reserve (Note 23(b))	28,701,368	-	-	-
Impairment loss on financial asset:				
- trade receivables (Note 19)	14,169,800	1,596,126	-	-
- other receivables (Note 19)	79,796,641	-	227,353,205	-
Impairment of investment in subsidiaries	-	-	29,612,593	-
Reversal of impairment loss on financial asset:				
- Trade and other receivables	-	-	-	(5,296,462)
Foreign exchange loss/(gain), net:				
- realised	(1,787,744)	729,803	97,820	(409,053)
- unrealised	(11,399,350)	(9,144,079)	(6,938,433)	4,835,152

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

8. Employee benefits expense

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Wages and salaries	30,751,403	39,390,227	75,975	68,419
Contributions to defined contribution plan	1,824,905	1,842,285	7,926	6,844
Social security contributions	122,813	134,493	657	620
Other benefits	230,426	147,398	65	116
	<u>32,929,547</u>	<u>41,514,403</u>	<u>84,623</u>	<u>75,999</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,873,223 (2012: RM2,715,774) and RM15,000 (2012: RM15,000) respectively as further disclosed in Note 9.

9. Directors' remuneration

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive directors' remuneration (Note 8):				
Fees	125,264	105,387	15,000	15,000
Other emoluments	2,747,959	2,610,387	-	-
	<u>2,873,223</u>	<u>2,715,774</u>	<u>15,000</u>	<u>15,000</u>
Non-executive directors' remuneration (Note 7):				
Fees	152,000	156,772	75,000	75,000
Other emoluments	45,000	45,000	45,000	45,000
	<u>197,000</u>	<u>201,772</u>	<u>120,000</u>	<u>120,000</u>
Total directors' remuneration (Note 29(b))	<u>3,070,223</u>	<u>2,917,546</u>	<u>135,000</u>	<u>135,000</u>

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive:				
Salaries and other emoluments	1,358,495	1,353,625	-	-
Fees	76,422	71,387	15,000	15,000
Bonus and gratuity	65,000	32,500	-	-
Contributions to defined contribution plan	101,400	97,500	-	-
	<u>1,601,317</u>	<u>1,555,012</u>	<u>15,000</u>	<u>15,000</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

9. Directors' remuneration (contd.)

The details of remuneration receivable by directors of the Company during the year are as follows: (contd.)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-executive:				
Salaries and other emoluments	798,600	798,988	45,000	45,000
Fees	201,421	194,386	75,000	75,000
Bonus	66,300	55,150	-	-
Contributions to defined contribution plan	104,984	77,744	-	-
	<u>1,171,305</u>	<u>1,126,268</u>	<u>120,000</u>	<u>120,000</u>
Total directors' remuneration	<u>2,772,622</u>	<u>2,681,280</u>	<u>135,000</u>	<u>135,000</u>

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	
	2013	2012
Executive directors:		
RM1,550,001 - RM1,600,000	-	1
RM1,600,001 - RM1,650,000	1	-
Non-executive directors:		
Below RM50,000	3	3
RM300,001 - RM350,000	-	1
RM350,001 - RM400,000	1	-
RM650,001 - RM700,000	-	1
RM700,001 - RM750,000	1	-
	<u>1</u>	<u>-</u>

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 September 2013 and 2012 are:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current income tax:				
Malaysian income tax	848,470	141,127	-	1,556,667
Foreign tax	25,863	10,441	-	-
	<u>874,333</u>	<u>151,568</u>	<u>-</u>	<u>1,556,667</u>
(Over)/underprovision in prior years:				
Malaysian income tax	(176,019)	(1,566)	-	8,424
	<u>698,314</u>	<u>150,002</u>	<u>-</u>	<u>1,565,091</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

10. Income tax expense (contd.)

Major components of income tax expense (contd.)

The major components of income tax expense for the years ended 30 September 2013 and 2012 are: (contd.)

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	429,959	2,990,817	-	-
Overprovision in prior years	2,105,621	(1,882,475)	-	-
	<u>2,535,580</u>	<u>1,108,342</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>3,233,894</u>	<u>1,258,344</u>	<u>-</u>	<u>1,565,091</u>

Reconciliation between tax expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 30 September 2013 and 2012 are as follows:

	2013	2012
	RM	RM
Group		
(Loss)/profit before tax	<u>(204,438,482)</u>	<u>3,642,419</u>
Tax at Malaysian statutory tax rate of 25% (2012:25%)	(51,109,620)	910,605
Different tax rates in other country	(257,182)	372,467
Income not subject to tax	3,426,405	(10,251,048)
Expenses not deductible for tax purposes	48,679,678	9,622,189
Effect if income subject to tax rate of 20%	-	(21,323)
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances and tax losses	49,620	3,657,902
Deferred tax recognised at different tax rate	-	30,970
Deferred tax assets recognised on previously unrecognised tax losses and capital allowances	516,940	(1,179,377)
Overprovision of deferred tax in prior years	2,105,621	(1,882,475)
Overprovision of tax expense in prior years	(176,019)	(1,566)
Others	(1,549)	-
Income tax expense for the year	<u>3,233,894</u>	<u>1,258,344</u>
Company		
(Loss)/profit before tax	<u>(252,426,032)</u>	<u>253,687,939</u>
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	(63,106,508)	63,421,985
Income not subject to tax	-	(63,906,616)
Expenses not deductible for tax purposes	63,106,508	2,041,298
Underprovision of tax expense in prior years	-	8,424
Income tax expense for the year	<u>-</u>	<u>1,565,091</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

10. Income tax expense (contd.)

Reconciliation between tax expense and accounting (loss)/profit (contd.)

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

11. (Loss)/earnings per share

- (a) Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

The following table reflects the (loss)/profit and share data used in the computation of basic per share for the years ended 30 September:

	Group	
	2013 RM	2012 RM
(Loss)/profit net of tax attributable to owner of parent (RM)	(207,672,376)	2,384,075
Issued ordinary shares at 1 October	2,160,756,063	1,855,522,663
Issuance of ordinary shares pursuant to		
- private placement	-	164,163,684
- right issues	1,018,219,295	-
Weighted average number of ordinary shares at 30 September	3,178,975,358	2,019,686,347
Basic (loss)/earnings per share (sen)	(6.53)	0.12

- (b) The diluted earnings per share are not shown as the effect of the warrants on the basic earnings per share is anti-dilutive.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

12. Property, plant and equipment

Group	Buildings RM	Furniture, fittings and motor vehicles RM	Plant and machinery RM	Vessels and vessel equipment RM	Containers and port equipment RM	Total RM
At 30 September 2013						
Cost						
At 1 October 2012	4,715,203	17,352,090	2,122,427	705,537,258	110,734,709	840,461,687
Additions	-	244,366	-	9,970,697	18,923,887	29,138,950
Disposals	-	(1,205,548)	(1,100,000)	(216,638,914)	(1,971,703)	(220,916,165)
Written off	-	(666,805)	-	(838)	-	(667,643)
Exchange differences	-	33,416	-	7,348,404	1,932,066	9,313,886
At 30 September 2013	4,715,203	15,757,519	1,022,427	506,216,607	129,618,959	657,330,715
Accumulated depreciation and impairment loss						
At 1 October 2012	188,525	11,197,754	1,675,483	227,115,890	21,782,894	261,960,546
Depreciation charge for the year (Note 7)	94,636	1,404,311	117,166	26,484,252	13,428,739	41,529,104
Impairment loss recognised in profit or loss (Note 7)	-	-	-	6,600,000	-	6,600,000
Disposals	-	(906,642)	(852,500)	(137,490,000)	(1,298,201)	(140,547,343)
Written off	-	(665,800)	-	-	-	(665,800)
Exchange differences	-	38,490	-	1,102,806	381,182	1,522,478
At 30 September 2013	283,161	11,068,113	940,149	123,812,948	34,294,614	170,398,985
Net carrying amount	4,432,042	4,689,406	82,278	382,403,659	95,324,345	486,931,730

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

12. Property, plant and equipment (contd.)

Group	Buildings RM	Furniture, fittings and motor vehicles RM	Plant and machinery RM	Vessels and vessel equipment RM	Containers and port equipment RM	Total RM
At 30 September 2012						
Cost						
At 1 October 2011	4,691,845	18,741,276	2,115,227	777,255,865	79,684,786	882,488,999
Additions	23,358	1,932,461	7,200	38,084,480	39,716,760	79,764,259
Transfer from intangible assets	-	41,419	-	-	-	41,419
Disposals	-	(1,592,583)	-	(101,462,212)	(7,665,489)	(110,720,284)
Written off	-	(1,747,109)	-	(2,590,628)	-	(4,337,737)
Exchange differences	-	(23,374)	-	(5,750,247)	(1,001,348)	(6,774,969)
At 30 September 2012	4,715,203	17,352,090	2,122,427	705,537,258	110,734,709	840,461,687
Accumulated depreciation and impairment loss						
At 1 October 2011	94,089	12,833,086	1,519,049	269,492,373	15,396,231	299,334,828
Depreciation charge for the year (Note 7)	94,436	1,644,659	156,434	33,802,560	10,202,249	45,900,338
Impairment loss recognised in profit or loss (Note 7)	-	-	-	8,512,000	-	8,512,000
Disposals	-	(1,505,683)	-	(81,922,906)	(3,709,849)	(87,138,438)
Written off	-	(1,747,109)	-	(2,301,587)	-	(4,048,696)
Exchange differences	-	(27,199)	-	(466,550)	(105,737)	(599,486)
At 30 September 2012	188,525	11,197,754	1,675,483	227,115,890	21,782,894	261,960,546
Net carrying amount	4,526,678	6,154,336	446,944	478,421,368	88,951,815	578,501,141

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

12. Property, plant and equipment (contd.)

Company	Furniture & fittings	
	2013 RM	2012 RM
Cost		
At 1 October	7,513	105,621
Written off	-	(98,108)
At 30 September	7,513	7,513
Accumulated depreciation		
At 1 October	6,132	102,739
Depreciation charge for the year (Note 7)	512	1,501
Written off	-	(98,108)
At 30 September	6,644	6,132
Net carrying amount	869	1,381

Asset held under finance lease

During the financial year, the Group acquired property, plant and equipment at the aggregate cost of RM33,196,803 (2012: RM79,764,259), of which RMNil (2012: RM200,000) 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	
	2013 RM	2012 RM
Vessels and vessel equipment	132,955,122	124,644,369
Furniture, fittings & motor vehicles	245,755	716,474
	133,200,877	125,360,843

Assets pledged as security

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 24 are as follows:

	Group	
	2013 RM	2012 RM
Vessels and vessel equipment	108,485,365	205,859,135

The buildings with carrying amount of RM4,432,042 (2012: RM4,526,678) are mortgaged to secure the subsidiary's bank loan as referred to in Note 24 to the financial statements.

Impairment of assets

During the financial year, the Group carried out at review of the recoverable amount of its vessel and vessel equipment. An impairment loss of RM6,600,000 (2012: RM8,512,000), representing the write-down of the vessels to the recoverable amount was recognised in "administrative expenses" line item of the statement of comprehensive income for the financial year ended 30 September 2013. The recoverable amount of the vessels was based on its fair value less cost to sell.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

13. Prepaid land lease payments

	Group	
	2013 RM	2012 RM
Costs		
At 1 October/30 September	10,818,284	10,818,284
Accumulated amortisation		
At 1 October	218,550	109,275
Amortisation (Note 7)	109,275	109,275
At 30 September	327,825	218,550
Net carrying amount	<u>10,490,459</u>	<u>10,599,734</u>

Assets pledged as security

The Group's prepaid land lease payments with a carrying amount of RM10,490,459 (2012: RM10,599,734) are mortgaged to secure the Group's bank loans as disclosed in Note 24.

14. Intangible assets

	Goodwill RM	Software development costs RM	Total RM
Group			
Cost			
At 1 October 2011	84,617,272	5,411,093	90,028,365
Addition	-	(41,419)	(41,419)
At 30 September 2012 / 30 September 2013	<u>84,617,272</u>	<u>5,369,674</u>	<u>89,986,946</u>
Accumulated amortisation			
At 1 October 2011	-	2,785,251	2,785,251
Amortisation (Note 7)	-	616,354	616,354
At 30 September 2012	-	3,401,605	3,401,605
Amortisation (Note 7)	-	616,354	616,354
At 30 September 2013	-	<u>4,017,959</u>	<u>4,017,959</u>
Net carrying amount			
At 30 September 2013	<u>84,617,272</u>	<u>1,351,715</u>	<u>85,968,987</u>
At 30 September 2012	<u>84,617,272</u>	<u>1,968,069</u>	<u>86,585,341</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

14. Intangible assets (contd.)

The carrying amounts of goodwill are allocated to the Group's cash-generating unit (CGU) of shipping business.

The recoverable amount of a CGU is determined based on pre-tax cashflow projections of the shipping operations. Cashflows are extrapolated using an estimated growth rate which is not expected to exceed the long term average growth rate of the industry. The pre-tax discount rate applied to the cashflow projections are derived from the weighted average cost of capital of the Group plus a reasonable risk premium.

The key assumptions used in the value-in-use calculations are an average growth rate of 3% to 8% (2012: 3% to 5%) per annum with a discount factor of 9.6% (2012: 9.8%). Management is of the opinion that there are no foreseeable changes in any of the above assumptions that would cause the carrying amounts of the respective CGUs to materially exceed their recoverable amounts.

15. Investments in subsidiaries

	Company	
	2013 RM	2012 RM
Unquoted shares at cost:		
In Malaysia	430,200,069	330,200,069
Outside Malaysia	127,482	127,478
	<u>430,327,551</u>	<u>330,327,547</u>
Less: Accumulated impairment losses	(58,427,758)	(28,815,165)
	<u>371,899,793</u>	<u>301,512,382</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%)		Principal activities
		2013	2012	
Held by the Company:				
EM Container Line Sdn. Bhd.	Malaysia	100	100)
EM Line Sdn. Bhd.	Malaysia	100	100) Ship owner and
EM Shipping Sdn. Bhd.	Malaysia	100	100) charterer, dormant
EM Carriers Sdn. Bhd.	Malaysia	100	100	Shipping agent
Premier Spectrum Sdn. Bhd.	Malaysia	100	100	Shipping
Wonder Link Sdn. Bhd.	Malaysia	100	100	Provision of shipping supplies, dormant
Whittler Company Limited	British Virgin Islands	100	100	Investment holding
Grand Dragon Overseas Ltd	British Virgin Islands	100	100	Provision of marine cargo handling and shipping services, and investment holding
				Vessel chartering and containerised shipping

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

15. Investments in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%)		Principal activities
		2013	2012	
Held by the Company:				
Chatlink Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer, dormant
Hub Explorer Sdn. Bhd.	Malaysia	100	100)
Hub Fleet Sdn. Bhd.	Malaysia	100	100) Ship owner and charterer
Hub Continental Shipping 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)
Ozlink Sdn. Bhd.	Malaysia	100	100)
Patimico Sdn. Bhd.	Malaysia	100	100) Ship owner and charterer
Highline Shipping Sdn. Bhd.	Malaysia	100	100)
Malaform Sdn. Bhd.	Malaysia	100	100	Shipping
Hub Shipping (PNG) Co. Limited*	Papua New Guinea	100	100	Ship owner and charterer
Hub Shipping (S) Pte. Limited *	Singapore	100	-	Shipping
Hubline Logistics Sdn. Bhd.	Malaysia	100	100	Shipping
Hubline Asia Sdn. Bhd.	Malaysia	100	100	Property holding
Hubline Bulk Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Hubline Carrier Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Hubline Delta Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Hubline Equity Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Hubline Fortune Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Hubline Glory Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Hubline Harbor Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Hubline Harbor Sdn. Bhd.	Malaysia	100	100	Shipping, dormant

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

15. Investments in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%)		Principal activities
		2013	2012	
Held through subsidiaries:				
Subsidiary of Wonder Link Sdn. Bhd.				
Hub Marine Pte. Ltd. *	Singapore	100	100	Shipping agent
Subsidiaries of Highline Shipping Sdn. Bhd.				
Many Plus Enterprise Sdn. Bhd.	Malaysia	100	100	Trading
Many Plus Engineering Sdn. Bhd.	Malaysia	100	100	Services
Many Plus Maritime Sdn. Bhd.	Malaysia	100	100	Dormant
Everline Asia Limited	Labuan, Malaysia	100	-	Shipping
Everline Shipping Co. Ltd.	Labuan, Malaysia	100	100	Shipping
Everline Shipping Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Asia Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Bulk Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Carrier Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Delta Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Equity Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Fortune Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Glory Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Harbour Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Integrated Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Jade Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Kinetic Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Logistics Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Mariner Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Navigators Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Oceanic Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

15. Investments in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%)		Principal activities
		2013	2012	
Highline Pacific Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Quest Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Reliance Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Strategic Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Trader Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Union Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Vision Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Many Plus Enterprise Ltd.	Marshall Islands	100	100	General trading

Held through subsidiaries:

Subsidiary of Hub Shipping Sdn. Bhd.

Hubline (China) Limited *	China	100	100	Shipping agent
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* Audited by a firm other than Ernst & Young.

- (a) 4,000,000 (2012: 12,500,000) ordinary shares of RM1 each of Highline Shipping Sdn. Bhd. representing a 24% (2012: 76%) equity interest are pledged for borrowings as referred to in Note 25.

16. Investments in associates

	Group	
	2013 RM	2012 RM
Outside Malaysia:		
Unquoted shares at cost	-	26,936,103
Share of post-acquisition reserves	-	(16,638,997)
	-	10,297,106
Exchange differences	-	4,422,535
	-	14,719,641
Less: Accumulated impairment losses	-	(14,719,640)
	-	1

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

16. Investments in associates (contd.)

Details of the associate are as follows:

Name of associate	Country of incorporation	Proportion of ownership interest (%)		Principal activities
		2013	2012	
Held through subsidiary:				
Platinum Container Lines Co., Ltd.	Thailand	-	44.1	Shipping and marine cargo handling

The summarised financial information of the associates are as follows:

	2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets	-	1,010
Non-current assets	-	98,557
Total assets	-	99,567
Current liabilities	-	171,844
Non-current liabilities	-	63
Total liabilities	-	171,907
Results		
Revenue	-	10,517
Loss for the year	-	(30,511)

During the financial year, the Group lost its significant influence over this associate. Thus, the investment in associates has been reclassified to investment securities.

17. Investment securities

	2013 RM	Group 2012 RM
Non-current		
Available-for-sale financial assets		
Equity instruments (quoted outside Malaysia)	-	9,223,827
Equity investment (unquoted outside Malaysia)	1	-
	1	9,223,827
Market value of quoted investments	*	9,223,827

* The investment is recorded at the cost net of impairment since the fair value cannot be reliably estimated.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

18. Inventories

	Group	
	2013 RM	2012 RM
At cost:		
Trading stocks	3,086,778	3,490,894
Consumables	10,042,199	22,756,824
	<u>13,128,977</u>	<u>26,247,718</u>

19. Trade and other receivables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current				
Trade receivables				
Third parties	150,773,780	144,300,168	-	-
Less: Allowance for impairment	(18,282,095)	(4,383,114)	-	-
Trade receivables, net	<u>132,491,685</u>	<u>139,917,054</u>	<u>-</u>	<u>-</u>
Other receivables				
Amount due from related parties:				
Subsidiaries	-	-	577,084,708	639,856,963
Associates	93,447,000	78,012,578	-	-
	<u>93,447,000</u>	<u>78,012,578</u>	<u>577,084,708</u>	<u>639,856,963</u>
Deposits	526,756	4,786,307	9,148	9,148
Interest receivable	-	186	-	-
Sundry receivables	15,356,575	11,187,209	44,216	44,216
	<u>109,330,331</u>	<u>93,986,280</u>	<u>577,138,072</u>	<u>639,910,327</u>
Less: Allowance for impairment				
- associates	(93,447,000)	(17,842,295)	-	-
- sundry receivables	(8,505,697)	(115,496)	-	-
- subsidiaries	-	-	(434,376,063)	(165,052,378)
	<u>-</u>	<u>-</u>	<u>(434,376,063)</u>	<u>(165,052,378)</u>
Other receivables, net	<u>7,377,634</u>	<u>76,028,489</u>	<u>142,762,009</u>	<u>474,857,949</u>
Total trade and other receivables	139,869,319	215,945,543	142,762,009	474,857,949
Add: Cash and bank balances (Note 21)	14,741,525	31,315,063	4,227,437	16,227,862
Total loans and receivables	<u>154,610,844</u>	<u>247,260,606</u>	<u>146,989,446</u>	<u>491,085,811</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

19. Trade and other receivables (contd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 180 days (2012: 30 to 180 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	Group	
	2013 RM	2012 RM
Neither past due nor impaired	125,798,201	133,099,186
1 to 30 days past due not impaired	2,299,025	3,838,176
31 to 60 days past due not impaired	481,169	622,076
61 to 90 days past due not impaired	931,421	447,009
More than 91 days past due not impaired	2,319,689	1,910,607
	6,031,304	6,817,868
Impaired	18,944,275	4,383,114
	<u>150,773,780</u>	<u>144,300,168</u>

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM6,031,304 (2012: RM6,817,868) that are past due at the reporting date but not impaired.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

19. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance account used to record the impairment are as follows:

	Collectively impaired RM	Individually impaired RM	Total RM
2013			
Trade receivables			
- nominal amount	2,491,779	16,452,496	18,944,275
Less: Allowance for impairment	(2,491,779)	(15,790,316)	(18,282,095)
	<u>-</u>	<u>662,180</u>	<u>662,180</u>
2012			
Trade receivables			
- nominal amount	2,893,220	1,489,894	4,383,114
Less: Allowance for impairment	(2,893,220)	(1,489,894)	(4,383,114)
	<u>-</u>	<u>-</u>	<u>-</u>
		Group	
	2013	2012	
	RM	RM	
Movement in allowance account:			
At 1 October	4,383,114	3,390,802	
Charge for the year (Note 7)	14,169,800	1,596,126	
Written off	(270,819)	(603,814)	
At 30 September	<u>18,282,095</u>	<u>4,383,114</u>	

(b) Related party transactions

The amounts due from subsidiaries of the Company are unsecured and have no fixed terms of repayment. A certain portion of the amount due from these subsidiaries bore interest of 6.0% (2012: 6.0%) per annum.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

19. Trade and other receivables (contd.)

(b) Related party transactions (contd.)

Other receivables that are impaired

At the reporting date, the Group has provided an allowance of RM93,447,000 (2012: RM17,842,295) and RM8,505,697 (2012: RM115,496) for impairment of the unsecured loan to associate and sundry receivables with a nominal amount of RM93,447,000 (2012: RM78,012,578) and RM8,505,697 (2012: RM115,496) respectively.

	Group	
	2013 RM	2012 RM
Movement in allowance account		
At 1 October	17,957,791	18,719,086
Charge for the year (Note 7)	79,796,641	-
Exchange differences	4,198,265	(761,295)
At 30 September	<u>101,952,697</u>	<u>17,957,791</u>

At the reporting date, the Company has provided on allowance of RM434,376,063 (2012: RM165,052,378) for impairment of the amount due from subsidiaries with a nominal amount of RM560,936,005 (2012: RM170,648,014).

	Company	
	2013 RM	2012 RM
Movement in allowance account		
At 1 October	165,052,378	170,348,840
Charge for the year (Note 7)	227,353,205	-
Transfer from a subsidiary	41,970,480	-
Reversal of impairment loss	-	(5,296,462)
At 30 September	<u>434,376,063</u>	<u>165,052,378</u>

20. Other current assets

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deferred expenditure	11,609	37,914	-	-
Prepayment	952,185	1,731,035	-	242,678
Tax recoverable	1,496,159	3,454,273	-	894,619
	<u>2,459,953</u>	<u>5,223,222</u>	<u>-</u>	<u>1,137,297</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

21. Cash and cash equivalents

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash on hand and at banks	9,591,529	13,570,296	4,227,437	7,766,821
Deposits with licensed banks	5,149,996	17,744,767	-	8,461,041
Cash and bank balances (Note 19)	14,741,525	31,315,063	4,227,437	16,227,862
Cash at bank and deposits with licensed banks pledged for borrowings	(2,846,841)	(12,209,442)	-	(10,023,601)
Bank overdrafts	(2,387,078)	(3,720,950)	(985,597)	(989,217)
Cash and cash equivalents	9,507,606	15,384,671	3,241,840	5,215,044

The weighted average effective interests rates of deposit with licensed banks as at 30 September 2013 for the Group and the Company were 3.05% (2012: 2.00%) and Nil% (2012: 3.23%) respectively.

- (a) The Group's deposits with licensed banks and finance company amounting to RM2,846,841 (2012: RM2,185,841) have been pledged for credit facilities granted as referred to in Note 24.
- (b) In prior year, the Company's cash at bank amounting to RM172,907 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 24.
- (c) In prior year, the Company's deposits with licensed banks amounting to RM8,191,798 have been deposited with a licensed banks for the purpose of principal and interest repayment obligations in relation to the Company's Islamic Private Debt Securities as mentioned in Note 24.
- (d) In prior year, the Company's cash at bank amounting to RM1,658,896 have been deposited to a bank to be solely used as the bank repayment for the Company's Islamic Private Debt Securities as referred in Note 24.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

22. Share capital, share premium, warrant reserve and treasury shares

	Number of Ordinary Shares of RM0.20 each		Amount				
	Share capital (issued and fully paid)	Treasury shares	Share capital (issued and fully paid)	Share premium	Total share capital and share premium	Warrant reserve	Treasury shares
			RM	RM	RM	RM	RM
At 1 October 2012	2,174,352,663	(13,596,600)	376,165,225	33,203,565	409,368,790	58,705,307	(4,192,396)
Ordinary shares issued during the year pursuant to:							
Rights issue	1,080,378,031	-	203,111,150	(30,000,000)	173,111,150	12,964,536	-
Rights issue expenses	-	-	-	(846,386)	(846,386)	-	-
At 30 September 2013	3,254,730,694	(13,596,600)	579,276,375	2,357,179	581,633,554	71,669,843	(4,192,396)
At 1 October 2011	1,869,119,263	(13,596,600)	334,747,048	33,371,024	368,118,072	39,076,804	(4,192,396)
Ordinary shares issued during the year pursuant to:							
Private placement	305,233,400	-	41,418,177	-	41,418,177	19,628,503	-
Private placement expenses	-	-	-	(167,459)	(167,459)	-	-
At 30 September 2012	2,174,352,663	(13,596,600)	376,165,225	33,203,565	409,368,790	58,705,307	(4,192,396)

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

22. Share capital, share premium, warrant reserve and treasury shares (contd.)

Authorised share capital

	Number of ordinary shares of RM0.20 each		Amount	
	2013 RM	2012 RM	2013 RM	2012 RM
Authorised share capital				
At 1 October 2012	5,000,000	2,500,000	1,000,000	500,000
Created during the year	-	2,500,000	-	500,000
At 30 September 2013	<u>5,000,000</u>	<u>5,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

(a) Warrant reserve

This represents the reserve arising from the issue of new ordinary shares with free detachable warrants effected on 11 November 2009, 20 May 2012 and 19 October 2012.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

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. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

(c) Share capital

During the financial year, the Company issued 1,080,378,031 new ordinary shares of RM0.20 each through a renounceable two-call rights issue at an issue price of RM0.20 per ordinary shares, of which the first call of RM0.07 was payable in cash on application and the second call of RM0.13 was capitalised from the Company's reserve. The issue cost of RM846,386 have been included in the share premium account. The new ordinary shares rank paripassu in all respect with the existing ordinary shares of the Company.

23. Other reserves

	Foreign currency transaction reserve RM	Fair value adjustment reserve RM	Total RM
Group			
At 1 October 2011	(28,317,956)	(1,291,443)	(29,609,399)
Foreign currency translation	(1,047,162)	-	(1,047,162)
Available-for-sale financial asset - gain on fair value changes	-	5,436,958	5,436,958
At 30 September 2012	(29,365,118)	4,145,515	(25,219,603)
Foreign currency translation	(10,555,194)	-	(10,555,194)
Transfer to profit or loss (Note (b))	28,701,368	-	28,701,368
Available-for-sale financial asset - transfer to profit or loss upon disposal	-	(4,145,515)	(4,145,515)
At 30 September 2013	<u>(11,218,944)</u>	<u>-</u>	<u>(11,218,944)</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

23. Other reserves (contd.)

(a) Foreign currency translation reserve

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.

(b) Transfer to profit or loss

As disclosed in Note 16 to the financial statement, the Group has lost its significant influence over an associated company in Thailand. Accordingly, the foreign currency translation reserve of RM28,701,368 arising from the net investment in this foreign operation is transferred to the profit or loss.

(c) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax of available-for-sale financial assets until they are disposed of or impaired.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

24. Loans and borrowings

Short term borrowings

Secured:

	WAIER	Maturity	Group		Company	
			2013 RM	2012 RM	2013 RM	2012 RM
Bank overdrafts	7.88%	On demand	1,401,481	2,731,733	-	-
Bills payable and bankers' acceptance	4.11%	2014	18,503,167	44,555,807	-	-
Bai' Bithaman Ajil Islamic Debt Securities	7.55%	2014	-	30,647,113	-	30,647,113
Murabahah commercial papers	5.76%	2014	-	44,769,924	-	44,769,924
Revolving credits	5.44%	2014	7,000,000	7,000,000	-	-
Term loans	5.85%	2014	21,708,666	29,506,898	20,167,168	27,959,891
Obligation under finance lease liabilities (Note 28)	5.00%	2014	9,726,474	11,820,928	-	-
Wa'd Al Murabahah Financing	7.00%	2014	1,467,440	23,369,699	1,467,440	23,369,699
			<u>59,807,228</u>	<u>194,402,102</u>	<u>21,634,608</u>	<u>126,746,627</u>

Unsecured:

Bank overdrafts	7.60%	On demand	985,597	989,217	985,597	989,217
Revolving credit	4.69%	2014	4,048,000	7,000,000	-	-
Onshore foreign currency loan and bill payables	5.02%	2014	37,906,145	28,296,168	-	-
			<u>42,939,742</u>	<u>36,285,385</u>	<u>985,597</u>	<u>989,217</u>
			<u>102,746,970</u>	<u>230,687,487</u>	<u>22,620,205</u>	<u>127,735,844</u>

Notes to the Financial Statements For the financial year ended 30 September 2013 (contd.)

24. Loans and borrowings (contd.)

Long term borrowings

Secured:

	WAIER	Maturity	Group		Company	
			2013 RM	2012 RM	2013 RM	2012 RM
Term loans	5.85%	2015-2021	40,510,280	53,266,434	30,885,280	42,141,434
Obligation under finance lease liabilities (Note 28)	5.00%	2015-2017	49,574,253	53,496,989	-	-
Wa'd Al Murabahah Financing	7.00%	2017	55,004,852	35,916,094	55,004,852	35,916,094
			<u>145,089,385</u>	<u>142,679,517</u>	<u>85,890,132</u>	<u>78,057,528</u>
Total loans and borrowings			<u>247,836,355</u>	<u>373,367,004</u>	<u>108,510,337</u>	<u>205,793,372</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

24. Loans and borrowings (contd.)

The remaining maturities of the loans and borrowings as at 30 September 2013 and 30 September 2012 are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
On demand or within one year	102,746,970	230,687,487	22,620,205	127,735,844
More than one year and less than two years	37,683,580	40,118,947	27,260,751	26,861,790
More than two year and less than five years	103,780,805	97,367,164	58,629,381	51,195,738
5 years or more	3,625,000	5,193,406	-	-
	<u>247,836,355</u>	<u>373,367,004</u>	<u>108,510,337</u>	<u>205,793,372</u>

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

- (i) 4,000,000 (2012: 12,500,000) ordinary shares of RM1 each of Highline Shipping Sdn. Bhd. as disclosed in Note 15(a);
- (ii) Buildings, vessels and vessel equipment of the Group as disclosed in Note 12;
- (iii) Prepaid land lease payments of the Group as disclosed in Note 13;
- (iv) Assignment of contract proceeds of certain long-term shipping contracts and insurances of certain vessels of the Group; and
- (v) Deposits with licensed banks and finance company of the Group as disclosed in Note 21(a), (b), (c) and (d).

25. Trade and other payables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current				
Trade payables				
Third parties	<u>36,289,050</u>	<u>23,599,326</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

25. Trade and other payables (contd.)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other payables				
Amount due to directors	875,415	785,794	225,000	165,000
Dividend payable	-	7,000	-	7,000
Sundry payables	20,851,133	9,527,633	88,367	129,139
Deposits	199,335	93,225	-	-
Accruals	17,901,441	10,559,318	219,735	173,323
	<u>39,827,324</u>	<u>20,972,970</u>	<u>533,102</u>	<u>474,462</u>
Total trade and other payables	76,116,374	44,572,296	533,102	474,462
Add: Loans and borrowings	247,836,355	373,367,004	108,510,336	205,793,372
Total financial liabilities carried at amortised cost	<u>323,952,729</u>	<u>417,939,300</u>	<u>109,043,438</u>	<u>206,267,834</u>

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days (2012: 30 to 90 days).

(b) Amount due to directors

The amount due to directors is unsecured, non-interest bearing and is repayable on demand.

(c) Sundry payables

These amounts are non-interest bearing. Sundry payables are normally settled on an average term of six months (2012: average term of six months).

26. Other current liabilities

	Group	
	2013 RM	2012 RM
Deferred revenue	<u>223,184</u>	<u>-</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

27. Deferred tax

	Group	
	2013 RM	2012 RM
At 1 October	6,433,360	7,541,702
Recognised in profit or loss (Note 10)	(2,535,580)	(1,108,342)
At 30 September	<u>3,897,780</u>	<u>6,433,360</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	18,138,685	19,223,660
Deferred tax liabilities	(14,240,905)	(12,790,300)
	<u>3,897,780</u>	<u>6,433,360</u>

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 2012	(37,230,493)
Recognised in profit or loss	(11,173,401)
At 30 September 2013	<u>(48,403,894)</u>
At 1 October 2011	(30,041,968)
Recognised in profit or loss	(7,188,525)
At 30 September 2012	<u>(37,230,493)</u>

Deferred tax assets of the group:

	Unrealised foreign exchange RM	Allowance for impairment RM	Unabsorbed capital allowances RM	Total RM
At 1 October 2012	4,165	551,075	43,108,613	43,663,853
Recognised in profit or loss	(73,825)	927,925	7,783,721	8,637,821
At 30 September 2013	<u>(69,660)</u>	<u>1,479,000</u>	<u>50,892,334</u>	<u>52,301,674</u>
At 1 October 2011	465,000	316,000	36,802,670	37,583,670
Recognised in profit or loss	(460,835)	235,075	6,305,943	6,080,183
At 30 September 2012	<u>4,165</u>	<u>551,075</u>	<u>43,108,613</u>	<u>43,663,853</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

27. Deferred tax (contd.)

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

	Group	
	2013 RM	2012 RM
Unused tax losses	8,047,000	8,348,000
Unabsorbed capital allowances	5,888,000	17,964,000
	<u>13,935,000</u>	<u>26,312,000</u>

The availability of the unused tax losses and unabsorbed capital allowances 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.

28. Commitments

Finance lease commitments

The Group has finance leases for certain items of plant and equipment and furniture and fixtures (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with present value of then net minimum lease payments are as follows:

	Group	
	2013 RM	2012 RM
Minimum lease payments:		
Not later than one year	12,443,158	15,197,387
Later than one year but not later than two years	11,232,496	14,429,921
Later than two years but not later than five years	41,365,630	44,228,945
Later than five years	-	70,888
	<u>65,041,284</u>	<u>73,927,141</u>
Total minimum lease payments	65,041,284	73,927,141
Less: Amount representing finance charges	(5,740,557)	(8,609,218)
	<u>59,300,727</u>	<u>65,317,923</u>
Present value of payments:		
Not later than one year	9,726,474	11,820,928
Later than one year but not later than two years	8,922,829	11,757,157
Later than two years but not later than five years	40,651,424	41,671,426
Later than five years	-	68,406
	<u>59,300,727</u>	<u>65,317,917</u>
Present value of minimum lease payments	59,300,727	65,317,917
Less: Amount due within 12 months (Note 24)	(9,726,474)	(11,820,928)
	<u>49,574,253</u>	<u>53,496,989</u>
Amount due after 12 months (Note 24)	49,574,253	53,496,989

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

29. Related party transactions

- (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	
	2013 RM	2012 RM
Subsidiaries:		
Dividend income	-	256,556,667
Interest income	7,124,096	12,744,525

(b) Compensation of key management personnel

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short-term employee benefits	6,665,974	7,734,454	135,000	135,000
Post-employment benefits:				
Defined contribution plan	465,560	480,830	-	-
	<u>7,131,534</u>	<u>8,215,284</u>	<u>135,000</u>	<u>135,000</u>

Included in the total key management personnel are:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors' remuneration (Note 9)	<u>3,070,223</u>	<u>2,917,546</u>	<u>135,000</u>	<u>135,000</u>

30. Fair value of financial instruments

- A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

		2013		2012	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities:					
Group					
Non-current					
- Obligations under finance leases	28	59,300,727	64,593,064	65,317,923	71,375,499
- Fixed rate bank loans and bonds	24	<u>56,472,292</u>	<u>55,749,580</u>	<u>59,285,923</u>	<u>59,720,906</u>
Company					
Non-current					
- Fixed rate bank loans and bonds	24	<u>56,472,292</u>	<u>55,749,580</u>	<u>59,285,923</u>	<u>59,720,906</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

30. Fair value of financial instruments (contd.)

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	19
Loans and borrowings	24
Trade and other payables	25

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Obligation under finance lease

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or lease arrangements at the reporting date.

Quoted equity instruments

Fair value is determined directing by reference to their published market bid price at reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 : techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

30. Fair value of financial instruments (contd.)

Quoted equity instruments (contd.)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
At 30 September 2013				
Available-for-sale investments	-	-	-	-
At 30 September 2012				
Available-for-sale investments	9,223,827	-	-	9,223,827

31. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM86,188,810 (2012: RM155,918,846) relating to corporate guarantee provided by the Company to subsidiaries' borrowings.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19(a).

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

31. Financial risk management objectives and policies (contd.)

(a) Credit risk (contd.)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	2013		2012	
	RM'000	% of total	RM'000	% of total
By country:				
North Asia	83,437	55%	88,125	61%
Malaysia	18,811	12%	20,093	14%
Other countries	48,526	33%	36,082	25%
	<u>150,774</u>	<u>100%</u>	<u>144,300</u>	<u>100%</u>

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

31. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2013				
Group				
Financial liabilities:				
Trade and other payables	76,116,374	-	-	76,116,374
Loans and borrowings	118,904,049	156,334,123	3,966,813	279,204,985
Total undiscounted financial liabilities	<u>195,020,423</u>	<u>156,334,123</u>	<u>3,966,813</u>	<u>355,321,359</u>
Company				
Financial liabilities:				
Trade and other payables excluding financial guarantees *	533,102	-	-	533,102
Loans and borrowings	32,607,849	96,516,247	-	129,124,096
Total undiscounted financial liabilities	<u>33,140,951</u>	<u>96,516,247</u>	<u>-</u>	<u>129,657,198</u>
2012				
Group				
Financial liabilities:				
Trade and other payables	44,572,296	-	-	44,572,296
Loans and borrowings	245,735,963	153,228,280	5,596,607	404,560,850
Total undiscounted financial liabilities	<u>290,308,259</u>	<u>153,228,280</u>	<u>5,596,607</u>	<u>449,133,146</u>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

31. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2012				
Company				
Financial liabilities:				
Trade and other payables excluding financial guarantees *	474,662	-	-	474,662
Loans and borrowings	134,414,730	87,106,162	-	221,520,892
Total undiscounted financial liabilities	134,889,392	87,106,162	-	221,995,554

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand as the default has not occurred. Accordingly, financial guarantees under scope of MFRS 139 are not included in the above maturity profile analysis.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are re-priced to market interest rate.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and the Company's profit net of tax through the impact on interest expenses on floating rate loans as borrowings.

	Increase/ decrease in basis points	Group Effect on profit net of tax RM	Company Effect on profit net of tax RM
2013			
Loans and borrowings	+50	(464,083)	(168,794)
Loans and borrowings	-50	464,083	168,794
2012			
Loans and borrowings	+50	(590,587)	(209,882)
Loans and borrowings	-50	590,587	209,882

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

31. Financial risk management objectives and policies (contd.)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currencies of Group, primarily RM. The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD").

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Singapore, People's Republic of China, Papua New Guinea and Thailand. The Group's net investments are not hedged as currency positions are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD, EURO and PGK exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group 2013	Company 2013
	Profit net of tax RM	Profit net of tax RM
USD/RM - strengthened 5%	1,123,423	(2,005,410)
- weakened 10%	(2,246,845)	4,010,819
SGD/RM - strengthened 3%	81,160	-
- weakened 5%	(135,266)	-
PGK/RM - strengthened 5%	678,288	-
- weakened 10%	(1,356,577)	-
	<hr/>	<hr/>
	Group 2012	Company 2012
	Profit net of tax RM	Profit net of tax RM
USD/RM - strengthened 3%	284,387	1,232,184
- weakened 5%	(170,636)	(2,053,646)
SGD/RM - strengthened 3%	34,697	-
- weakened 5%	(57,828)	-
PGK/RM - strengthened 5%	(785,785)	-
- weakened 10%	392,892	-
	<hr/>	<hr/>

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

32. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. No changes were made in the objective, policies and processes during the years ended 30 September 2013 and 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowing, trade and other payables, less cash and bank balances. Capital includes equity attributable to owners of the parent.

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Net debt					
Loans and borrowings	24	247,836,355	373,367,004	108,510,337	205,793,372
Trade and other payables	25	76,116,374	44,572,296	553,102	474,462
Less : Cash and bank balance	21	(14,741,525)	(31,315,063)	(4,227,437)	(16,227,862)
		<u>309,211,204</u>	<u>386,624,237</u>	<u>104,836,002</u>	<u>190,039,972</u>
Capital					
Equity attributable to owners of the parent		<u>433,212,191</u>	<u>552,103,752</u>	<u>409,823,161</u>	<u>582,469,037</u>
Capital and net debt		<u>742,423,395</u>	<u>938,727,989</u>	<u>514,659,163</u>	<u>772,509,009</u>
Gearing ratio		<u>41.6%</u>	<u>41.2%</u>	<u>20.4%</u>	<u>24.4%</u>

33. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- The shipping segment is involved in shipping and related activities.
- The trading segment is involved in sales of coal and scrapped iron, sales of machine parts and accessories, repair and maintenance of equipment and hire of equipment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

33. Segment information (contd.)

30 September 2013

	Trading RM	Shipping & related activities RM	Adjustments and eliminations RM	Note	Consolidated RM
Revenue					
External sales	687,929	387,935,278	-		388,623,207
Inter-segment sales	3,170,056	-	(3,170,056)	A	-
Total revenue	3,857,985	387,935,278	(3,170,056)		388,623,207
Results					
Interest income	413	344,151	-		344,564
Depreciation and amortisation	2,919	42,251,814	-		42,254,733
Impairment losses on property, plant and equipment	-	6,600,000	-		6,600,000
Other non-cash expenses	-	148,080,581	-	B	148,080,581
Segment profit/(loss)	231,993	(163,256,334)	(41,414,141)	C	(204,438,482)
Assets					
Additions to non-current assets	-	33,196,803	-	D	33,196,803
Segment assets	10,557,066	763,765,013	(2,592,443)	E	771,729,636

30 September 2012

Revenue					
External sales	-	499,063,491	-		499,063,491
Inter-segment sales	3,817,280	-	(3,817,280)	A	-
Total revenue	3,817,280	499,063,491	(3,817,280)		499,063,491
Results					
Interest income	980	880,392	-		881,372
Depreciation and amortisation	10,647	46,615,320	-		46,625,967
Impairment losses on property, plant and equipment	-	8,512,000	-		8,512,000
Other non-cash expenses	-	1,885,168	-	B	1,885,168
Segment profit/(loss)	(47,811)	35,058,042	(31,367,812)	C	3,642,419
Assets					
Investment in associates	-	1	-		1
Additions to non-current assets	-	79,764,259	-	D	79,764,259
Segment assets	21,174,667	961,752,581	(61,998)	E	982,865,250

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

33. Segment information (contd.)

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	2013 RM	2012 RM
Impairment of financial assets:		
- Trade and other receivables	93,966,441	1,596,127
- Bad debts written off	11,205	-
Property, plant and equipment written off	1,843	289,041
Loss on disposal of property, plant and equipment	54,101,092	-
	<u>148,080,581</u>	<u>1,885,168</u>

C The following items are added to/(deducted from) segment profit to arrive at "profit/(loss) before tax" presented in the consolidated statement of comprehensive income:

	2013 RM	2012 RM
Inter-segment dividend	-	(8,420,000)
Foreign exchange loss recognised in other comprehensive income	3,388,021	1,876,802
Foreign exchange loss transferred from translation reserve	(28,701,368)	-
Finance costs	(16,100,794)	(24,824,614)
	<u>(41,414,141)</u>	<u>(31,367,812)</u>

D Additions to non-current assets consists of:

	2013 RM	2012 RM
Property, plant and equipment	<u>33,196,803</u>	<u>79,764,259</u>

E The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2013 RM	2012 RM
Inter-segment assets	<u>(2,592,443)</u>	<u>(61,998)</u>

Geographical information

Management considers that the Group operates in a single geographic area, namely in Asia-Pacific region, and has, therefore, only one major geographic segment.

Information about major customers

Revenue from one major customer amount to RM19,658,473 (2012: RM10,412,353) arising from sales.



Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

34. Significant events

On 11 June 2012, the Company proposed to undertake a renounceable two-call rights issue of 1,080,378,031 Right Shares on the basis of one (1) Right Share for every two (2) existing Hubline Shares held, together with 432,151,212 free detachable new Warrants 2009/2019 on the basis of two (2) Additional Warrants for every five (5) Right Shares subscribed, at issue price of RM0.20 per Right Shares, of which the first call of RM0.07 was payable in cash on application ("First Call") and the second call of RM0.13 were capitalised from the Company's reserves. These were collectively known as "Proposed Right Issue". The proceeds raised from the Proposed Right Issue would be used for repayment of bank borrowings, general working capital purposes and related issuance costs. On 19 October 2012, the Company completed the Proposed Right Issue with issuance of 1,080,378,031 Right Shares together with 432,151,212 additional warrants, raising a total of RM75,262,462 for the Company.

On 6 November 2012, a wholly owned subsidiary of the Company, Everline Shipping Co. Limited incorporated a subsidiary under Labuan jurisdiction, Everline Asia Limited with paid-up capital of USD1.

On 20 November 2012, the Company incorporated a subsidiary company known as Hub Shipping (S) Pte.Ltd. under Singapore jurisdiction with a paid-up capital of SGD2.

Notes to the Financial Statements

For the financial year ended 30 September 2013 (contd.)

35. SUPPLEMENT INFORMATION - BREAKDOWN OF REALISED AND UNREALISED PROFIT/(LOSSES) DISCLOSURES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings of Hubline Berhad and its subsidiaries:				
- Realised	(577,539,041)	127,817,707	(246,226,273)	128,422,488
- Unrealised	15,297,130	15,577,439	6,938,433	(4,835,152)
	<u>(562,241,911)</u>	<u>143,395,146</u>	<u>(239,287,840)</u>	<u>123,587,336</u>
Total share of accumulated losses from associated companies:				
- Realised	-	(24,728,889)	-	-
- Unrealised	-	(4,303,621)	-	-
	<u>-</u>	<u>(29,032,510)</u>	<u>-</u>	<u>-</u>
Less: Consolidation adjustments	357,562,045	(920,982)	-	-
Total (accumulated losses)/ retained earnings	<u>(204,679,866)</u>	<u>113,441,654</u>	<u>(239,287,840)</u>	<u>123,587,336</u>

Properties of the Group

As at 30 September 2013

Location	Tenure	Year Lease Expiring	Area (Acres)	Description/ Existing use	Date of Acquisition	Age of Buildings (years)	Net Carrying Amount RM'000
Lot 2358 Sungai Krokop, Miri	Leasehold	2017	1.50	Land with workshop/ warehouse	20.07.2010	8	6,940,056
Lot 12 Block 7 Miri Concession Land District, Krokop Road, Miri	Leasehold	2022	2.03	3 vacant Industrial land Eight (8) units three storey shophouses and one (1) double storey industrial shoplot	23.07.2010	28	7,956,994

Analysis of Shareholdings

As at 06 February 2014

Authorized Share Capital	:	RM 1,000,000,000
Issued and Fully Paid-up Capital	:	RM 650,946,138.80
Class of Shares	:	Ordinary Shares of RM 0.20 each
Voting rights	:	One Vote per Ordinary Share

Distribution of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	44	0.35	2,451	0.00
100 to 1,000	261	2.08	190,113	0.01
1,001 to 10,000	3,078	24.47	19,309,062	0.60
10,001 to 100,000	6,451	51.29	291,723,235	9.00
100,001 to less than 5% of issued shares	2,742	21.80	2,514,067,399	77.57
5% and above of issued shares	2	0.02	415,841,834	12.83
	12,578	100.00	3,241,134,094	100.00

Total issued shares as at 06 February 2014 : 3,254,730,694

Treasury shares as per ROD dated 06 February 2014 : 13,596,600

Adjusted capital after netting treasury shares as at 06 February 2014 : 3,241,134,094

Substantial shareholders as at 06 February 2014

	Direct No. of shares	%	Deemed interest/Indirect No. of shares	%
Billion Power Sdn Bhd	530,630,113	16.37	-	-

Director's shareholdings as at 06 February 2014

	Direct	%	Indirect	%
Dennis Ling Li Kuang	22,250,000	0.68	63,205,716 ⁽¹⁾	1.95
Richard Wee Liang Huat@ Richard Wee Liang Chiat	7,750,000	0.24	-	-
Haji Ibrahim Bin Haji Baki	-	-	-	-
Katrina Ling Shiek Ngee	-	-	85,455,716 ⁽²⁾	2.64
Jem Magnaye	-	-	8,723,400 ⁽³⁾	0.27

(1) Deemed interest by virtue of shareholding held by his spouse, Ms Christine Lau Swee Eng and his son, Mr Bernard Ling Ing Tah.

(2) Deemed interest by virtue of shareholding held by her father, Mr Dennis Ling Li Kuang, her mother, Ms Christine Lau Swee Eng and her brother, Mr Bernard Ling Ing Tah.

(3) Deemed interest by virtue of shareholding held by her spouse, Mr Bernard Ling Ing Tah

Thirty Largest Shareholders as at 06 February 2014

Names	No. of Shares	%
1 AMSEC Nominees (Tempatan) Sdn Bhd Account for Billion Power Sdn Bhd	213,282,906	6.58
2 RHB Nominees (Tempatan) Sdn Bhd Account for Billion Power Sdn Bhd	202,558,928	6.25

Analysis of Shareholdings

As at 06 February 2014 (contd.)

Thirty Largest Shareholders as at 06 February 2014 (contd.)

Names	No. of Shares	%
3. Inter-Pacific Equity Nominees (Asing) Sdn Bhd UOB Kay Hian Private Limited for NFC Shipping Fund C LLC	123,900,000	3.82
4. Lembaga Tabung Haji	119,242,650	3.68
5. Kenanga Nominees (Tempatan) Sdn Bhd Account for Pau Chiong Ching	115,707,400	3.57
6. HDM Nominees (Tempatan) Sdn Bhd Account for Billion Power Sdn Bhd	114,788,279	3.54
7. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for Kumpulan Sentiasa Cemerlang Sdn Bhd	73,500,000	2.27
8. Beh Eng Par	57,200,800	1.76
9. MERCSEC Nominees (Tempatan) Sdn Bhd Account for Lai Wei Chai	50,000,000	1.54
10. SJ SEC Nominees (Tempatan) Sdn Bhd Account for Pau Chiong Ching	32,836,124	1.01
11. Malaysia Nominees (Tempatan) Sendirian Berhad Account for Great Eastern Life Assurance (Malaysia) Berhad	25,868,300	0.80
12. EB Nominees (Tempatan) Sendirian Berhad Account for Lau Swee Eng	25,648,066	0.79
13. Kenanga Nominees (Tempatan) Sdn Bhd Account for Goh Tai Siang	23,108,750	0.71
14. Mohammad Allaudin & Co. Sdn Bhd	19,220,000	0.59
15. Kenanga Nominees (Tempatan) Sdn Bhd Account for Tiong Ing Ping	19,079,200	0.59
16. Cartaban Nominees (Asing) Sdn Bhd Exempt AN for Standard Chartered Bank Singapore Branch	15,895,000	0.49
17. Maybank Nominees (Tempatan) Sdn Bhd Account for Syed Hossin Bin Wah Hamit	15,869,800	0.49
18. TA Nominees (Tempatan) Sdn Bhd Account for Goh Tai Siang	15,584,050	0.48
19. CIMSEC Nominees (Tempatan) Sdn Bhd Account for Lau Swee Eng	15,184,250	0.47
20. Mohammad Allaudin Bin MD Ali	15,085,000	0.47
21. Hong Leong Assurance Berhad As Beneficial Owner (Unitlinked BCF)	15,000,000	0.46
22. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd	14,614,600	0.45

Analysis of Shareholdings

As at 06 February 2014 (contd.)

Thirty Largest Shareholders as at 06 February 2014 (contd.)

Names		No. of Shares	%
23	RHB Nominees (Tempatan) Sdn Bhd Account for Ng Aik Sern	13,260,000	0.41
24	Maybank Nominees (Tempatan) Sdn Bhd Account for Ling Li Kuang	13,250,000	0.41
25	Alliancegroup Nominees (Tempatan) Sdn Bhd Account for Wong Hai Ong	13,000,000	0.40
26	CIMSEC Nominees (Tempatan) Sdn Bhd Account for Wong Hai Ong	13,000,000	0.40
27	HDM Nominees (Tempatan) Sdn Bhd Account for Wong Hai Ong	12,009,000	0.37
28	Maybank Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Limited	12,000,000	0.37
29	MERCSEC Nominees (Tempatan) Sdn Bhd Account for Ng Aik Wei	11,200,000	0.35
30	RHB Capital Nominees (Tempatan) Sdn Bhd Account for Lau Swee Eng	10,950,000	0.34
TOTAL		1,421,843,103	43.87

Analysis of Warrants Holdings

As at 06 February 2014

Type of Securities	:	10 year Warrants 2009/2019
Total Warrants Issued and Not Exercised	:	1,511,677,733
Voting rights	:	Warrant holders are not entitled to vote in any general meeting of Hubline unless and until the warrant holder becomes a shareholder by exercising his/her Warrants.

Distribution of Warrants Holdings

Size of Holdings	No. of Holders	%	No. of Warrants	%
Less than 100	58	0.87	3,268	0.00
100 to 1,000	299	4.49	231,858	0.02
1,001 to 10,000	2,060	30.90	10,543,754	0.70
10,001 to 100,000	2,503	37.55	122,130,247	8.08
100,001 to less than 5% of issued warrants	1,746	26.19	1,378,768,606	91.21
5% and above of issued warrants	0	0.00	0	0.00
	<u>6,666</u>	<u>100.00</u>	<u>1,511,677,733</u>	<u>100.00</u>

Director's Warrants Holdings as at 06 February 2014

	Direct	%	Indirect	%
Dennis Ling Li Kuang	3,099,355	0.21	15,947,800 ⁽¹⁾	1.05
Richard Wee Liang Huat@ Richard Wee Liang Chiat	40,000	0.00	-	-
Haji Ibrahim Bin Haji Baki	-	-	-	-
Katrina Ling Shiek Ngee	-	-	19,047,155 ⁽²⁾	1.26
Haji Awang Mohidin Bin Awang Saman	-	-	-	-
Jem Magnaye	-	-	-	-

(1) Deemed interest by virtue of warrants held by his son, Mr Bernard Ling Ing Tah.

(2) Deemed interest by virtue of warrants held by her father, Mr Dennis Ling Li Kuang and her brother, Mr Bernard Ling Ing Tah.

Thirty Largest Warrants Holders as at 06 February 2014

Names	No. of Warrants	%
1 Lee Eng Chuan	46,500,000	3.08
2 Kenanga Nominees (Tempatan) Sdn Bhd Account for Tiong Ing Ping	43,546,400	2.88
3 Inter-Pacific Equity Nominees (Asing) Sdn Bhd UOB Kay Hian Private Limited Account for NFC Shipping Fund C LLC	41,300,000	2.73
4 HDM Nominees (Tempatan) Sdn Bhd Account For Wong Hai Ong	29,020,000	1.92
5 Beh Eng Par	27,965,000	1.85
6 Maybank Securities Nominees (Tempatan) Sdn Bhd Account for Ong Fee Chong	24,489,000	1.62
7 CIMSEC Nominees (Tempatan) Sdn Bhd Account for Wong Hai Ong	24,000,000	1.59

Analysis of Warrants Holdings

As at 06 February 2014 (contd.)

Thirty Largest Warrants Holders as at 06 February 2014 (contd.)

Names	No. of Warrants	%
8 AMSEC Nominees (Tempatan) Sdn Bhd Account for Bernard Ling Ing Tah	15,947,800	1.05
9 Tiong Ing Ping	13,826,300	0.91
10 Maybank Nominees (Tempatan) Sdn Bhd Account For Phang Shay Nam	13,010,000	0.86
11 HLIB Nominees (Tempatan) Sdn Bhd Account for Ho Ah Chai	12,080,000	0.80
12 Lim Hun Guan	11,100,000	0.73
13 Maybank Nominees (Tempatan) Sdn Bhd Account for Kek Lian Lye	11,100,000	0.73
14 Cartaban Nominees (Asing) Sdn Bhd Exempt AN for Credit Agricole (Suisse) SA	10,000,000	0.66
15 Cartaban Nominees (Asing) Sdn Bhd Exempt AN for Standard Chartered Bank Singapore Branch	10,000,000	0.66
16 Public Nominees (Tempatan) Sdn Bhd Account for Goh Wai Leong	10,000,000	0.66
17 Tiong Chii Bing	10,000,000	0.66
18 TA Nominees (Tempatan) Sdn Bhd Account For Goh Tai Siang	9,582,350	0.63
19 CIMSEC Nominees (Tempatan) Sdn Bhd Account For Tan Lee Keong	9,459,300	0.63
20 Loong Ding Tong	9,000,000	0.60
21 HLIB Nominees (Tempatan) Sdn Bhd Account for Choo Chin Hoong	8,000,000	0.53
22 Ting Lian Siew @ Ting Lian Bo	7,620,000	0.50
23 Ting Wee Hua	7,350,000	0.49
24 Tey Chern Chern	7,040,000	0.47
25 CIMSEC Nominees (Tempatan) Sdn Bhd Account for Looi Boon Han	7,000,000	0.46
26 Tee Leok Twan	7,000,000	0.46
27 Kenanga Nominees (Tempatan) Sdn Bhd Account for Tiong Ing Seng	6,650,300	0.44
28 Ngiam Ai Jee	6,560,000	0.43
29 Teo Meng Hai	6,546,500	0.43
30 TA Nominees (Tempatan) Sdn Bhd Account For Wong Kon Lim	5,500,000	0.36
TOTAL	451,192,950	29.85



Notice of Thirty-Eighth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Eighth Annual General Meeting of the Company will be held at Dewan Perpaduan II, 1st Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg 93000 Kuching, Sarawak, on Friday, 28th March 2014 at 11.00 a.m. for the following purposes :-

As Ordinary Business

1. To lay the Report of the Directors and the Audited Statement of Accounts for the financial year ended 30 September, 2013 and the Report of the Auditors thereon.
2. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 :

“That pursuant to Section 129(6) of the Companies Act, 1965, Tuan Haji Awang Mohidin Bin Awang Saman, who has exceeded the age of seventy (70) years, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting.”
Resolution 1
3. To re-elect Mr Richard Wee Liang Huat @ Richard Wee Liang Chiat, who is retiring in accordance with Article 71 of the Articles of Association of the Company and is offering himself for re-election.
Resolution 2
4. To re-elect Ms Katrina Ling Shiek Ngee who is retiring in accordance with Article 71 of the Articles of Association of the Company and is offering herself for re-election.
Resolution 3
5. To re-elect Ms Jem Magnaye who is retiring in accordance with Article 70 of the Articles of Association of the Company and is offering herself for re-election
Resolution 4
6. To approve Directors’ fee of RM240,000.00 for the financial year ending 30 September 2014.
Resolution 5
7. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.
Resolution 6

As Special Business

To consider and if thought fit, to pass the following ordinary resolutions :

8. **Continuation in office as Independent Non-Executive Directors**

“That approval be and is hereby given to the following Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, to continue to act as Independent Non-Executive Directors of the Company :-

(a) Tuan Haji Ibrahim Bin Haji Baki **Resolution 7**
(b) Tuan Haji Awang Mohidin Bin Awang Saman” **Resolution 8**
9. **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **Resolution 9**

“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.”

Notice of Thirty-Eighth Annual General Meeting (contd.)

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By order of the Board,

Yeo Puay Huang [LS 0000577]
Secretary

Dated: 6th March 2014

Explanatory Notes To Special Business:

1. Continuation in office as Independent Non-Executive Directors

The Board has assessed the independence of the following directors who have been in tenure as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years:

1. Haji Ibrahim Bin Haji Baki
2. Haji Awang Mohidin Bin Awang Saman

Based on the below justifications, the Board of directors recommend them to continue to act as Independent Non-Executive Directors of the Company:

- i) They have fulfilled the criteria under the definition of an Independent Director as stated in the Listing Requirements of Bursa Securities;
- ii) They both possess vast commercial experience and knowledge that complements the Company's board composition, and continue to provide valuable insights and contributions to the Board;
- iii) They participate in board discussions and provide an independent voice and objective perspective to the rest of the Board.

The above Ordinary Resolutions 7 and 8, if passed, will enable the above directors to continue to serve as Independent Non-Executive Directors of the Company and will give powers to the Board of Directors to determine in the subsequent years, the continuation of such office until such time the authority is revoked.

2. Authority to allot shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares to such persons in their absolute discretion without convening a general meeting provided the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirty-Seventh Annual General Meeting held on 28th March, 2013 and which will lapse at the conclusion of the Thirty-Eighth Annual General Meeting to be held on 28th March, 2014.

The General Mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares, for purposes of funding investment(s), working capital and/or acquisition(s).



Notice of Thirty-Eighth Annual General Meeting (contd.)

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her place. A proxy need not be a member of the Company. Where a holder appoints two or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. A corporation which is a member may by resolution of its directors authorise such person as it thinks fit to act as its representative at the meeting pursuant to Section 147 of the Companies Act, 1965.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney, and the person so appointed may attend and vote at the meeting at which the appointer is entitled to vote.
4. The instrument appointing a proxy or representative must be deposited at the registered office, WISMA HUBLINE, Lease 3815, (Lot 10914), Section 64, KTLD, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak, not less than forty-eight (48) hours before the time for holding the meeting.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individuals who are standing for election as Directors (excluding directors standing for re-election)

There are no individuals who are standing for election as Directors at the Thirty-Eighth Annual General Meeting of the Company.

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HUBLine
HUBLINE BERHAD
(Company No. 23568-H)
(Incorporated in Malaysia)

Number of shares held	
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FORM OF PROXY
(PLEASE FILL IN BLOCK LETTERS)

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

of
(FULL ADDRESS)

being a member/members of Hubline Berhad, do hereby appoint.....
.....
(FULL NAME AND NRIC/PASSPORT NO.)

of or failing
(FULL ADDRESS)

him, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at Dewan Perpaduan II, 1st Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg 93000 Kuching, Sarawak, on Friday, 28th March 2014 at 11:00 a.m. or at any adjournment thereof in the manner indicated below:

NO.	RESOLUTION	FOR	AGAINST
1.	To re-appoint Tuan Haji Awang Mohidin Bin Awang Saman, who shall retire pursuant to Section 129(6) of the Companies Act, 1965.		
2.	To re-elect Mr Richard Wee Liang Huat @ Richard Wee Liang Chiat who shall retire in accordance with Article 71 of the Company's Articles of Association.		
3.	To re-elect Ms Katrina Ling Shiek Ngee who shall retire in accordance with Article 71 of the Company's Articles of Association.		
4.	To re-elect Ms Jem Magnaye who shall retire in accordance with Article 70 of the Company's Articles of Association.		
5.	To approve Directors' fees amounting to RM240,000 for the financial year ending 30 September 2014.		
6.	To re-appoint Messrs. Ernst & Young as Auditors of the Company.		
7.	Continuation in office as Independent Non-Executive Director - Tuan Haji Ibrahim Bin Haji Baki.		
8.	Continuation in office as Independent Non-Executive Director - Tuan Haji Awang Mohidin Bin Awang Saman.		
9.	To authorize Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		

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 2014

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

Notes:

- 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.
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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.

1st fold here



Wisma Hubline

Lease 3815 (Lot 10914), Section 64, KTLD,
Jalan Datuk Abang Abdul Rahim,
93450 Kuching, Sarawak, Malaysia.
Tel: (6082) 335 393 **Fax:** (6082) 337 393