HUBLine

HUBLINE BERHAD

(23568-H)

ANNUAL REPORT 2015

HUBLine

HUBLINE BERHAD (23568-H)

Contents

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

Tuan Haji Ibrahim Bin Haji Baki
Independent Non-Executive Director

Lai Lian Yee
Independent Non-Executive Director

Jem Magnaye
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Tuan Haji Ibrahim Bin Haji Baki

Members
Lai Lian Yee
Jem Magnaye

REMUNERATION COMMITTEE

Chairman
Tuan Haji Ibrahim Bin Haji Baki

Members
Lai Lian Yee
Katrina Ling Shiek Ngee

NOMINATION COMMITTEE

Chairman
Tuan Haji Ibrahim Bin Haji Baki

Members
Lai Lian Yee
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 : +6082-337090

REGISTRAR AND TRANSFER OFFICE

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Melenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : +603-20849000 Fax : +603-20949940

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

Stock Name	:	Hubline
Stock Code	:	7013
Warrant Name	:	Hubline - WA
Warrant Code	:	7013WA
Warrant Name	:	Hubline - WB
Warrant Code	:	7013WB

AUDITORS

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International
Kuching Office
1st Floor, 96 Jalan Petanak, 93100 Kuching, Sarawak
Malaysia.
Tel : +6082-425933 Fax : +6082-427546

WEBSITE

www.hubline.com

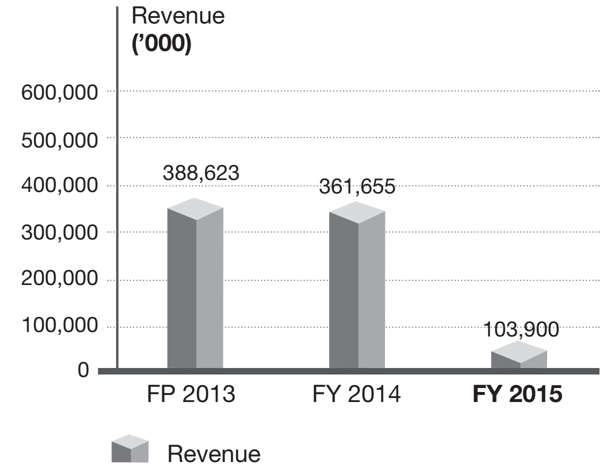
Corporate Structure

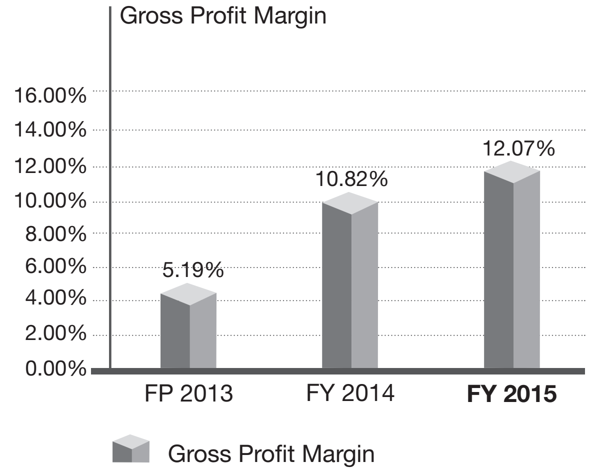
HUBLine

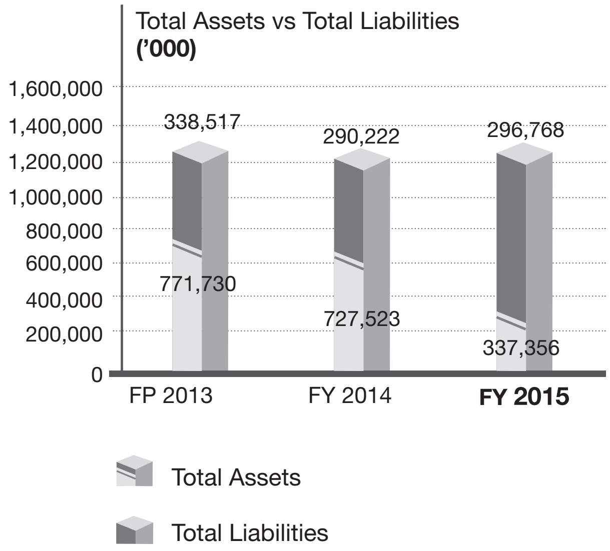
- 100% EM Line Sdn Bhd
- 100% EM Carriers Sdn Bhd
- 100% EM Shipping Sdn Bhd
- 100% EM Container Line Sdn Bhd
- 100% Premier Spectrum Sdn Bhd
- 100% Hub Shipping Sdn Bhd
- 100% Wonder Link Sdn Bhd
  - 100% Hub Marine Pte Ltd
- 100% Hub Fleet Sdn Bhd
- 100% Hub Explorer Sdn Bhd
- 100% Hub Warrior Sdn Bhd
- 100% Hub Continental Shipping Sdn Bhd
- 100% Chatlink Sdn Bhd
- 100% Patimico Sdn Bhd
- 100% Ozlink Sdn Bhd
- 100% Malaform Sdn Bhd
- 100% Whittler Company Ltd
- 100% Grand Dragon Overseas Ltd
- 100% Hubline Logistics Sdn Bhd
- 100% Hubline Asia Sdn Bhd
- 100% Hubline Carrier Sdn Bhd
- 100% Hubline Delta Sdn Bhd
- 100% Hubline Equity Sdn Bhd
- 100% Hubline Fortune Sdn Bhd
- 100% Hubline Glory Sdn Bhd
- 100% Highline Shipping Sdn Bhd
  - 100% Highline Asia Sdn Bhd
  - 100% Highline Bulk Sdn Bhd
  - 100% Highline Carrier Sdn Bhd
  - 100% Highline Delta Sdn Bhd
  - 100% Highline Equity Sdn Bhd
  - 100% Highline Fortune Sdn Bhd
  - 100% Highline Glory Sdn Bhd
  - 100% Highline Harbour Sdn Bhd
  - 100% Highline Integrated Sdn Bhd
  - 100% Highline Jade Sdn Bhd
  - 100% Highline Kinetic Sdn Bhd
  - 100% Highline Logistics Sdn Bhd
  - 100% Highline Mariner Sdn Bhd
  - 100% Highline Navigators Sdn Bhd
  - 100% Highline Oceanic Sdn Bhd
  - 100% Highline Pacific Sdn Bhd
  - 100% Highline Quest Sdn Bhd
  - 100% Highline Reliance Sdn Bhd
  - 100% Highline Strategic Sdn Bhd
  - 100% Highline Trader Sdn Bhd
  - 100% Highline Union Sdn Bhd
  - 100% Highline Vision Sdn Bhd
  - 100% Ever Line Shipping Sdn Bhd
  - 100% Ever Line Shipping Co Ltd
    - 100% Everline Asia Limited
    - 100% Everline Bulk Limited
    - 100% Everline Carrier Limited
  - 100% Many Plus Enterprise Sdn Bhd
  - 100% Many Plus Engineering Sdn Bhd
  - 100% Many Plus Maritime Sdn Bhd

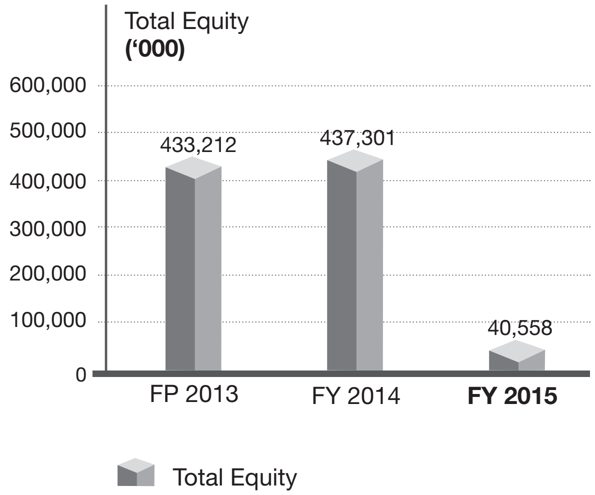
Three-Year Financial Highlights

	YEAR 2013	YEAR 2014	YEAR 2015
Profit Tax After Tax	(207,672,376)	3,261,346	(376,753,384)
Gearing Ratio	41.6%	37.5%	87.3%
Net Assets	433,212,191	437,301,003	40,588,365
Net Assets Per Share	0.14	0.13	0.01









Message from the Chairman

On behalf of the Board of Directors, we present the Annual Report of Hubline Berhad ("the Group") for the financial year ended 30 September 2015.

The challenging global economic outlook and poor sentiment in the shipping industry has placed heavy pressure on the throughput volume and freight rates of the container shipping industry. By February 2015 when the Board assessed that the downward cycle for the container shipping sector had not reached bottom, we decided it was in our best interest to exit the container shipping sector and to focus on our dry bulk shipping business which has been achieving to our expectations.

REVIEW OF FINANCIAL PERFORMANCE AND OPERATIONS

For the financial year ended 30 September 2015, the Group posted a net loss of RM 376,753,384. This included RM 405,386,967 in losses from discontinued operations arising from the exit from the container shipping business. The dry bulk shipping business generated RM 103,066,470 in revenue and yielded a gross profit of RM 19,131,188. Compared to last year's dry bulk revenue of RM 90.31 million, the 2015 results had improved by 14%.

CORPORATE DEVELOPMENT

During the year under review, we made the following assessment.

The container liner industry has been experiencing decline in demand and consequently revenue, over the past number of years. The global liner industry continues to struggle with the depressed freight rates to meet operating costs. The global trade patterns are fast changing which was challenging to our operating model.

Due to the losses incurred by the container shipping division over the last few years, the Board was forced to reassess the Group's financial and operational strategies. The result of this evaluation determined that continued participation in the container shipping market without immediate turnaround in the industry landscape, was to the detriment to dry bulk business. Hence, on 18 February 2015, the Board announced the Group's intention to exit the container shipping sector.

Subsequently, on 29 May 2015, the Board announced our restructuring plan. This involved a par value reduction, a rights issue and a private placement to enable the Group to raise funds for working capital and repay debts of the container shipping business. Both the par value reduction and rights issue have now been successfully completed with 100% of rights shares subscribed in December 2015. I anticipate that by the end of the financial year 2016, the private placement will also be completed.

DIVIDEND

Due to the Group's current financial constraints as a result of our planned exit of the container shipping business, the Board has decided that no dividend will be paid for the 2015 financial year. The Board's intention is for the Group's cash reserves to be utilised in effectively managing working capital as well as to repay borrowings of the container shipping business.

PROSPECTS

The Group is still in the midst of finalising the exit from the container shipping sector. While the container shipping business has ceased, there is still work to be done to completely exit from this business and I anticipate that all will be done and dusted by the end of 2016.

The outlook for the dry bulk shipping sector is promising with this division already having established new routing opportunities as well as cemented long standing relationships with our pre-existing clients.

Even though competition is fierce in the dry bulk shipping sector, we will persist to establish that we are a valuable partner to our clients, and continue to deliver or exceed their expectations.

I expect that with the completion of the private placement, the Group can rationalise our financial position and restructure our overall operations in an orderly manner.

ACKNOWLEDGEMENT

I would like to take the opportunity to thank Tuan Haji Awang Mohidin Bin Awang Saman who retired from the Board effective 22 May 2015 after almost 11 years of dedicated service. Further, I would like to welcome our new member Mr Lai Lian Yee, to the Board.

This year, we had to let go of some of our very dedicated employees who served us in our container shipping division. I would like to thank them for their contribution and wish them every success in their future careers. For the employees who remain, I would like to thank each and every one of you for the sacrifices which you made during this difficult year, and for your unwavering dedication to stick by us through thick and thin. Our people, throughout the business and in their own capacities, have contributed to us in achieving 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.

I would also like to thank our valued customers, our trade alliances, the various government agencies, and financial institutions, who have all been pivotal contributors to our past, present and future, from our survival, to growth, to prosperity, and beyond. May we continue to enjoy your support as we move to the future.

Additionally, I wish to convey my deepest appreciation to our shareholders who supported us during our recent rights issue and made it a success. Your conviction in us has and will help us move forward as we work towards closure of our container shipping past and move forward to grow our drybulk shipping future.

Lastly, thank you to my fellow board members for all your contribution and commitment. Let us move forward and continue to work hand in hand in driving the business forward, to promote growth, to embrace improvement and development, and achieve the goals and strategies we have set for the Group.

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 57, was appointed to the Board on 27 September 1985. 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 63, 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 a 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 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 37, a Chartered Accountant, was appointed to the Board on 13 February 2001.

She graduated with a Bachelor of Commence (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 a 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 a member of the Remuneration Committee.

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

Tuan Haji Ibrahim Bin Haji Baki

Independent Non-Executive Director

Malaysian, aged 57, 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 property development, manufacturing involving wood base and steel products, construction and services sectors. He is the Chairman of the Audit, Nomination and Remuneration Committees.

Haji Awang Mohidin Bin Awang Saman

Independent Non-Executive Director

Malaysian, aged 74, was appointed to the Board on 14 June 2004 and retired from the Board of Directors on 22 May 2015. 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 was the Chairman of the Nomination and Remuneration Committees and was a member of the Audit Committee.

Mr Lai Lian Yee
Independent Non-Executive Director

Malaysian, aged 66, was appointed to the Board on 21 August 2015. He is a Fellow of the Certified Practicing Accountants of Australia (FCPA) and is a Chartered Accountant of the Malaysian Institute of Accountants (CA). He obtained a Diploma in Business Studies (Accountancy) from Prahran College of Advance Education (University of Victoria) and a Graduate Diploma in Purchasing & Supply from the University of North London, UK.

He was the Internal Audit Manager for Eastern Oxygen Industries Sdn Bhd and EPT Sdn Bhd between 2005 and 2013. Prior to this, between 1975 and 2005 he was under the employment of the Auditor General's Office, Sarawak Branch, with his final role as the Deputy Director in the last three years of service. He is a member of the Nomination, Remuneration and Audit Committees.

Ms Jem Magnaye
Non-Independent Non-Executive Director

Australian, aged 33, was appointed to the Board on 28 November 2013. She 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 and has also completed a Graduate diploma of Chartered Accounting from the Institute of Chartered Accountants in Australia.

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 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 27 for shareholdings of the directors in Hubline Berhad.

d) None of the Directors hold directorships in other public companies.

Corporate Governance Statement

The Board of Directors ("the Board") of Hubline Berhad (the "Company"/"Group") values the importance of good corporate governance and upholds the principles and best practices contained in the Malaysian Code on Corporate Governance 2012 (the "Code").

As part of its ongoing commitment to enhance shareholder value, the Board evaluates the Group's corporate governance practices and procedures, and will adopt and implement suitable recommendations, or improve existing practices, in accordance to the recommendations set-out in the Code.

The Board is pleased to report below on the extent to which principles and best practices of the Code were applied throughout the financial year ended 30 September 2015.

THE BOARD

Principle 1: Establish Clear Roles and Responsibilities

The Board is responsible for the strategic direction of the whole Group, geared towards sustainability whilst promoting ethical business practices. The Board performs a management oversight function, to ensure that the day to day operations are meeting the Group's business objectives. The Board evaluates the inherent business and operational risks of the Group and ensures that management has put in place controls to help mitigate the impact of these risks towards the business.

Each director's role and responsibilities are also governed by the board charter as well as the terms of reference of each respective committee each director belongs to. The board charter and terms of reference are reviewed annually and amended where necessary.

In compliance with the Code, the role of the Chairman and Managing Director are held by different individuals. The Chairman, being a non-executive member of the Board, is responsible for leading the Board in terms of management oversight and provides a communication channel between the Board and management. The Managing Director, who is also the Chief Executive Officer ("CEO"), is in charge of the day-to-day business operations.

Balance and Composition:

Principle 2: Strengthen Composition
Principle 3: Reinforce Independence
Principle 4: Foster Commitment

The Board is currently composed of six (6) members, made up of two (2) Executive Directors, two (2) Non-executive directors, and two (2) Independent Non-executive directors.

The Board Members each bring a generous pool of skills and experience from various fields including shipping, business management, law, accounting and finance.

Furthermore, the Board's composition has demonstrated gender diversity as women directors represent 1/3 of the Company's Board 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 the shareholders. All Directors are required to offer themselves for re-election, at least once every three years. Newly appointed Directors, shall hold office until the next annual general meeting and shall then be eligible for re-election by the shareholders.

In accordance to the recommendations of the Code, an assessment of independent directors is done annually. An independent director serving for more than nine (9) years will only retain as an independent director after the Board obtains the shareholders' approval in the next Annual General Meeting ("AGM"). Otherwise, the director may continue to serve in the Board as a non-independent director.

The role of the two independent directors is important as they provide unbiased views and advise to the rest of the Board.

The profile of all the directors is set out on pages 7 and 8 of the annual report.

Board Meetings and Supply of Information

To enable the Board to make sound and informed decisions, the Board has full and unrestricted 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, if necessary, in discharging their duties. These services are made available to the Board at the Company's expense; so that the Board can obtain expert advice on various specialised issues to assist them in any analysis and decision making required.

Prior to Board meetings, the agenda, minutes of previous meeting and board papers are circulated to the Directors to allow sufficient time to ensure that they receive the necessary information in order to review, consider and deliberate on the matters, and where necessary, obtain further information to facilitate informed decision making.

The time commitment required from directors are contained in the board charter, to make each director aware of the frequency of meetings as well as to ensure that they are able to manage their time in compliance with the requirements of their role as a director as well as a committee member.

All proceedings and resolutions passed at each Board Meeting are recorded and kept in the Minutes Book at the registered office. The Board from time to time may also circulate Directors Resolutions for matters requiring the Board's approval.

During the financial year ended 30 September 2015, six (6) Board Meetings were held. The details of attendance of each of the Directors at the Board Meeting are set out below:

Directors	No. of meetings attended
Dennis Ling Li Kuang	6/6
Richard Wee Liang Huat @ Richard Wee Liang Chiat	6/6
Tuan Haji Ibrahim Bin Haji Baki	6/6
Katrina Ling Shiek Ngee	6/6
Haji Awang Mohidin Bin Awang Saman (Retired on 21 May 2015)	4/6
Lai Lian Yee (Appointed on 21 August 2015)	1/6
Jem Magnaye	6/6

Directors' Training

All of the directors have completed the Mandatory Accreditation Program ("MAP") as part of the requirements of Bursa Malaysia Securities Berhad on Public Listed Companies.

Furthermore, all directors are encouraged to keep their knowledge relevant and up to date by attending trainings and seminars on a vast array of topics, especially on areas dealing with changes in laws and regulations, corporate governance, risk mitigation, business trends, and changes in accounting and tax policies.

For the financial year ended 30 September 2015, a number of the various seminars attended by Directors included the following:

- Nominating Committee Programme 2: Effective Board Evaluations (by Icliff and Bursa Malaysia)
- Risk Management & Internal Control: Workshop for Audit Committee Members (by CG Board Asia Pacific & Bursa Malaysia)
- Getting Accounting Right for GST in Malaysia Part 2 (by Malaysian Institute of Accountants)
- Focus Group session on strengthening Corporate Governance ("CG") Disclosure amongst the Listed Issuers (by Bursa Malaysia)
- Taklimat Mengenai Perubahan Dalam Proses Serahan dan Tuntutan Wang Tak Dituntut (Compliance under Unclaimed Moneys Act 1965) (by Akauntan Negara Malaysia)
- 2015 Budget Seminar (by Malaysian Institute of Accountants)
- Advocacy sessions on Management Discussion & Analysis for CEO and CFO (by Bursa Malaysia)

The Board values the contribution of continuous education in enhancing their knowledge and skills in fulfilling their responsibilities and will continue to take initiative in this area.

Directors' Remuneration

The Remuneration committee is responsible for reviewing the fairness, reasonableness and competitiveness of Directors remuneration and recommending changes or improvements thereto based on the role and responsibilities of each Director as well as market trends.

Details of the Directors' remuneration for the financial year ended 30 September 2015 are as follows:

Aggregate remuneration of the Directors categorized into appropriate components:

Types of remuneration	Executive Directors RM	Non-Executive Directors RM
Fees	84,000	168,000
Salaries and other emoluments	2,709,893	60,000
Total	2,793,893	228,000

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		4
RM 100,001 – RM 150,000		1
RM 300,001 – RM 350,000	1	
RM 1,700,001 – RM 1,750,000	1	

BOARD COMMITTEES

The Board has three (3) committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated specific responsibilities to each committee to enable the Board to discharge its fiduciary duties and responsibilities more effectively.

The Audit Committee

For information on the Audit Committee, please refer to the Audit Committee Report on pages 17 to 19 of this annual report.

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 Director - Retired on 22 May 2015)

Tuan Haji Ibrahim Bin Haji Baki
(Independent Non-executive – Redesignated as Chairman on 22 May 2015)

Members:

Lai Lian Yee
(Independent Non-Executive Director - Appointed on 21 August 2015)

Ms Katrina Ling Shiek Ngee
(Non-independent Executive)

The Board established the Remuneration Committee on 29 September 2001. Its objective is 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 responsibilities and contributions. The committee is responsible 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.

It is the responsibility of the committee to ensure that the remuneration policy is fair and competitive and will attract potential candidates or retain existing directors accordingly.

The Remuneration Committee met once during the financial year ended 30 September 2015.

The Nomination Committee

The Nomination Committee is comprised of Non-Executive Directors, a majority of which are Independent, and the members are as follows:

Chairman:

Haji Awang Mohidin Bin Awang Saman
(Independent Non-Executive Director - Retired on 22 May 2015)

Tuan Haji Ibrahim Bin Haji Baki
(Independent Non-executive – Redesignated as Chairman on 22 May 2015)

Members:

Lai Lian Yee
(Independent Non-Executive Director - Appointed on 21 August 2015)

Jem Magnaye
(Non-independent Non-executive)

The Nomination Committee was established on the 29 September 2001 and is responsible for the composition of the Board as well as the Board Committees while taking into consideration the current and future needs of the organization. It is the duty of the committee to assess existing board members and their contribution to the organization, suggest changes were there are areas for improvement, which may include appointment of new directors or re-designation of existing directors.

Furthermore, succession planning is one significant area that the committee evaluates to ensure smooth transition between changes in board members. The Board maintains an open communication with the committee to ensure that future plans of each member are taken into consideration should replacements be required in the long or short term. The committee is conscious of each member's strength and talents so that suitable replacements can be identified and that knowledge gaps are minimized.

The Nomination Committee met twice during the financial year ended 30 September 2015.

COMMUNICATION WITH SHAREHOLDERS

The Board demonstrates its commitment to shareholders by keeping them informed of all relevant developments, events and business matters affecting the Group. The Group's corporate disclosure policies and procedures are in place to ensure that shareholder communications are conducted effectively and are in compliance to Bursa Malaysia Listing Requirements. A substantial source of information is available to assist shareholders in their investment decision making, and this information includes the annual report, announcements through Bursa Malaysia Securities Berhad ("Bursa"), and circulars. Information on the Group is available 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. The Group's use of the internet to inform the public through announcements released in Bursa and the Group's website demonstrates the Group's willingness to leverage on information technology for effective dissemination of information.

The Board also recognizes that general meetings are an important avenue for shareholders to exercise their rights and therefore the Board strongly encourages shareholder participation at the Annual General Meeting and Extraordinary General Meetings, to provide opportunities for shareholders to converse with the directors and management personnel of the Group especially on areas dealing with the progress and performance of the whole Group. Shareholders are given sufficient time of notice of any general meeting so that they are able to plan ahead and attend. The Board also encourages poll voting for shareholders in compliance to the Bursa Malaysia Listing Requirements, for matters such as related party transactions.

The Group also has an email address through which shareholders can write to should they have any queries or concerns in regards to their investment in the Group. Contact Details including the email address is contained in the Corporate Information Section on page 2.

ACCOUNTABILITY AND AUDIT

Internal Control

Principle 6: Recognize and Manage Risks

An overview of the state of internal controls within the group is contained in The Risk Management and Internal Control Statement on page 20.

Financial Reporting

Principle 5: Uphold Integrity in Financial Reporting

The Board of Directors, with the assistance of the Audit Committee, ensures that the quarterly financial reporting and the annual audited financial statements are drawn up in accordance with the Companies Act, 1965 and applicable financial reporting standards.

It is the objective of the Board to present a true and fair view of the financial performance and position of the Group as well as provide a balanced and understandable commentary that will assist report users to gather insight on the overall performance and direction of the Group.

Relationship with Auditors

The Board through the Audit Committee assesses the suitability and independence of external auditors. The Audit Committee is also responsible for reviewing the appointment and performance of the external auditors, including evaluation of the reasonableness of the fees being paid for their services.

Directors' Responsibility Statement

It is the Responsibility of the Board to present a true and fair view of the annual audited financial statements of the Company and the Group, drawn up in accordance with the provisions of the Companies Act, 1965, the applicable Malaysian Financial Reporting Standards, as well as Bursa Malaysia's Listing Requirements.

The Directors are satisfied that the above is met in regards to the preparation of the audited financial statements of the Group for the year ended 30 September 2015.

The Board also confirms that proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and by taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Sustainability & Corporate Social Responsibility

The Group recognizes the importance of Sustainability & Corporate Social Responsibility as we move towards a future where businesses are becoming more 'socially conscious'. The Board works closely with management in aligning the Group's strategies towards a Sustainable future. Management is conscious of how the business impacts the environment and the community. The welfare of employees is also valued by management as the organization continuous to seek for ways to improve safety and fairness in the workplace while maximizing productivity.

The Group, over the years, has maintained a positive relationship with the community by supporting not-for-profit entities and the like. During the financial year ended 30 September 2015, the Group has made donations to Jin Woo Association, Riam Road Secondary School, Sekolah Menengah Pei Min, and SMK Chung Hua (CF) Miri.

Other Disclosures

Share Buybacks

During the financial year ended 30 September 2015, 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 2015.

Options, Warrants or Convertible Securities

During the financial year ended 30 September 2015, no options or convertible securities were issued. However, the Company commenced a corporate exercise that involved issuing of new warrants (Warrants B) and also resulted to adjustments in existing warrants (Warrants A) as part of the Rights Issue (details of which are in the 'Utilization of Proceeds' section).

1,620,567,045 Warrants B as well as 362,802,547 Adjustment Warrants A consequential to the Rights Issue were listed and quoted on the Main Market of Bursa Securities on Tuesday, 29 December 2015.

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

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

Imposition of Sanctions and Penalties

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

Material Contracts

As disclosed in the Company's Abridged Prospectus dated 26 November 2015, the below transactions was completed on 5 November 2014;

Sale and Purchase Agreement dated 29 August 2014 between Hubline Logistics Sdn Bhd as Vendor and Absolute Privilege Sdn Bhd as Purchaser in respect of the sale and purchase of the following 2 parcels of land:

(a) All that parcel of land situated at Sungai Krokop, Miri, containing an area of 6,074 square meters, more or less, together with the building and appurtenances thereof and described as Lot 2358, Miri Concession Land District; and

(b) All that parcel of land situated at Krokop Road, Miri, containing an area of 8,218.2 square meters, more or less, together with building and appurtenances thereof and described as Lot 12, Block 7, Miri Concession Land District,

For a total cash purchase price of RM20,000,000 upon terms and conditions therein contained.

The Board has ensured that as at the end of the financial year 30 September 2015, 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.

Proceeds from Corporate Exercise

During the financial year, the Company embarked on the following proposals of which items I and IV were completed on 2 November 2015, and item II was completed on 29 December 2015:

I. Proposed Share Capital Reduction of Hubline Berhad ('Hubline') via the cancellation of RM0.19 of the par value of existing issued and fully paid-up ordinary share of RM0.20 each in Hubline pursuant to Section 64 of the Companies Act, 1965 ("Proposed Par Value Reduction");

II. Proposed Renounceable Rights Issue of up to 6,482,268,188 new ordinary shares of RM0.01 each in Hubline ("Rights Share(s)") on the basis of two (2) rights shares for every one (1) ordinary share or RM0.01 each held in Hubline ("Hubline Share(s)") after the proposed par value reduction, together with up to 1,620,567,045 free detachable new warrants ("Warrants B") on the basis of one (1) Warrant B for every four (4) rights shares subscribed;

III. Proposed Private Placement of up to 2,917,020,684 new Hubline shares ("Placement Shares"), representing up to approximately 30% of the enlarged issued and fully paid-up share capital of Hubline after the proposed par value reduction and proposed rights issue, together with up to 1,458,510,342 free detachable Warrants B on the basis of one (1) Warrant B for every two (2) placement shares to be subscribed by potential investors; and

IV. Proposed Amendments to the Memorandum of Association of Hubline to facilitate the Proposed Par Value Reduction

Proceeds raised from the Rights Issue (Item II above) was received at the end of December 2015.

Non-Audit Fee

There were no non-audit fees paid to external auditors for the financial year ended 30 September 2015, other than fees for professional tax services rendered.

However, as part of the Group's recent Corporate Proposals, the Group has incurred non-audit fees of RM43,778 as at 29 January 2016.

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 Committe Report

TERMS OF REFERENCE

THE AUDIT COMMITTEE'S ROLE & OBJECTIVES

The Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities in relation to financial and corporate governance reporting. In order to fulfill this, the committee must ensure that the Group's internal control systems, management and financial reporting practices are effective to ensure proper disclosure to the shareholders and stakeholders of the Group.

SIZE, COMPOSITION & QUALIFICATION

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.

MEMBERS

Haji Ibrahim Bin Haji Baki
Independent Non-Executive Director (Chairman)

Haji Awang Mohidin Bin Awang Saman (Retired on 22 May 2015)
Independent Non-Executive Director

Lai Lian Yee (Appointed on 21 August 2015)
Independent Non-Executive Director
Fellow of the Certified Practicing Accountants of Australia (FCPA)
Chartered Accountant of the Malaysian Institute of Accountants (CA)

Jem Magnaye
Non-Independent Non-Executive Director
Member of the Institute of Chartered Accountants in Australia

MEETINGS AND ATTENDENCE

The Audit Committee is required to hold, at a minimum, four (4) meetings a year with authority to convene additional meetings, if necessary. At least two (2) members must be present in order to constitute a quorum. The majority of members present must be independent directors. Upon invitation of the Audit Committee, directors, employees, auditors or others may attend the meetings as well.

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

AUTHORITY

The Board has granted the committee authority on the following matters:

(a) to investigate any activity within its terms of reference;
(b) Full and unrestricted access to any information pertaining to the Group;
(c) To have a direct communication stream with the External and Internal Auditors and all employees of the Group;
(d) To seek and obtain independent professional advice and to secure the attendance of external consultants or experts as it considers necessary; and
(e) To convene meetings with the External and Internal Auditors or both excluding the attendance of other Directors and employees of the Group, whenever deemed necessary.

The expenses incurred in regards to the above activities are to be borne by the Company and therefore cost should not be a hindrance for the committee to obtain necessary advice and opinion in performing its duties.

REPORTING

The Committee shall provide formal written or verbal report to the Board, including the minutes of the audit committee meetings. The Committee may, when necessary, submit recommendations for the Board's deliberation as well as provide update to the Board on any specific matters.

DUTIES AND RESPONSIBILITIES

The Committee has the following key functions and responsibilities:

(a) 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.

(b) To consider any matters concerning the appointment and re-appointment, the audit fee and any questions regarding resignation or dismissal of External Auditors, including 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.

(c) Prior to audit commencement, discuss the nature and scope of the audit with the external auditors and review the audit plan.

(d) Discuss the outcome of the internal and external audits, including issues and other matters the auditors wish to discuss.

(e) Review the auditor's management letter and management response.

(f) Review the audit report and consider major findings arising from internal investigations and management's response in relation to these findings.

(g) Review any related party transactions and conflicts of interest situations that may arise within the Group.

(h) Review the accounting controls with the external auditors.

(i) Review the adequacy of scope, functions, and resources of the internal audit function, and that it has necessary authority to carry out its work.

(j) Review the internal audit programme, results of the internal audit process, and the action taken by management on the recommendations of the committee.

(k) Review any appraisal or assessment of performance of members of the internal audit function.

(l) Approve any appointment or termination of senior staff members of the internal audit function.

(m) Note and assess resignations of internal audit staff and provide an opportunity to the staff to provide reasons for their resignation.

(n) Review any evaluation made on the systems of internal controls with the internal and external auditors.

(o) Review the assistance given by the Group's officers to the external auditors.

(p) Undertake such other responsibilities, or consideration of other topics, as may be agreed to by the Committee and the Board of Directors.

(q) Provide updates and feedback to the Board of Directors in relation to its activities, significant results and findings.

SUMMARY OF ACTIVITIES

During the financial year ended 30 September 2015, there were five (5) Audit Committee meetings held with complete attendance at each meeting which covered the following activities during the financial year:

(a) Reviewed the quarterly financial results and annual audited financial statements of the Group, including the announcements pertaining thereto, before recommending to the Board for their approval and release to Bursa Securities.

(b) Review of the audit plan and scope of work prepared by both the internal and external auditors including results and issues arising from the audits, and proposed resolutions.

(c) Review of the fees and independence of newly appointed external auditors.

(d) Review of the annual Statement on Risk Management and Internal Control and Statement on Corporate Governance.

INTERNAL AUDIT FUNCTION

The Function of the Internal Audit Department ('IAD') is vital in assisting the Audit Committee in reviewing the state of internal controls being implemented by management.

The Group has an in-house IAD reporting directly to the Audit Committee providing assistance in implementing and maintaining effective internal controls systems to mitigate risks and to safeguard the assets of the Group. It focuses on key areas of business with the guidance of an internal audit plan that covers operational compliance and risk assessment of business processes.

The IAD's activities during the year involved:

(a) understanding and evaluation of business processes and inherent risks attached;
(b) identifying control inadequacies and areas for improvement and recommend viable solutions and alternatives; and
(c) assess the business operations in terms of their extent of compliance to policies and procedures.

Internal Audit reports, incorporating audit findings, recommendations and follow-up on corrective actions are submitted to the Audit committee or review and deliberation.

The cost incurred in relation to the internal audit function in respect of the financial year ended 30 September 2015 was approximately RM 230,000.

Statement on Risk Management and Internal Control

In compliance with Bursa Securities Main Market Listing Requirements, Paragraph 15.26(b) and Practice Note 9 issued by Bursa Malaysia Securities Bhd ('Bursa Malaysia'), the Board of Directors is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 30 September 2015.

The Board's Responsibilities

The Board acknowledges its responsibility to have in place a sound Risk Management & Internal Control Framework that will effectively safeguard the Group's investments and assets. In light of this, the Board and management must ensure that appropriate control measures are in place in the organization. Careful identification of significant and inherent risks must be performed, as well as evaluation of the impact of these identified risks, and implement appropriate systems and controls to mitigate such risks.

Furthermore, the Board affirms its responsibility to provide reasonable assurance that the risk management and internal control measures embedded in all aspects of business activities are adequate and effective. Regular review of the risk management and internal control system aids in identifying failings or weaknesses as well as identification of new risks as a result of changes in business environment. The system of internal control must cover all areas of the business including the financial, operational, environmental, as well as areas of compliance required by regulatory authorities and industry laws.

The Board delegates the review of the risk management and internal control system to the Audit Committee. The Board acknowledges that a sound internal control system does not completely eliminate risks. However, it reduces the chances of human error due to poor judgment and deliberate circumvention or overriding of controls. Having a sound internal control system in place also allows the Group to react effectively to unexpected or unforeseen circumstances by following existing relevant policies and procedures or by having the appropriate mind frame and attitude towards addressing new risks and situations. This means that effective internal controls must be embedded into the organizational culture so that employees 'live and breathe' the risk management and internal control principles being advocated by the Group.

The Risk Management

The Board initiates the appropriate tone and attitude of the organization towards risk management and internal control. The Board determines its acceptable risk appetite, taking into consideration the resources, operational constraints, as well as the strategic direction of the business. The Board then assesses whether existing risk management and internal control processes and procedures are able to provide reasonable assurance that the business as a whole is operating within the tolerable level of risk established by the Board.

Management is accountable to the Board in ensuring that proper risk management policies and processes are implemented and maintained across the whole organization. Management is responsible for identifying the relevant risks that affect the company's ability to achieve its business objectives and strategies. After which, management designs and implements internal control policies and procedures and monitor the organization's compliance accordingly. Management, in its on-going reviews and assessments of the risks being faced by the Group, identify key changes to the nature of the risks, as well as whether there are new emerging risks, formulates a plan on addressing and mitigating these risks, including reporting to the Audit Committee and the Board in relation thereto. Any material findings on the identified significant risks or emerging risks are communicated to the Audit Committee for further action.

Internal Audit

The Internal Audit Department ('IAD'), albeit in-house, is an independent arm of the organization. It is designed to provide objective assessment and assurance and therefore improve and add value to the organizations risk management and internal control framework.

The purpose of the IAD is to perform independent reviews of the adequacy and integrity of the risk management and internal control processes within the Group in order to assure the Audit Committee and the Board that the control measures implemented by the senior management are sound and effective.

Some key aspects of the internal control processes under the review of the IAD include aspects involving delegation of authority, cash flow reports, monitoring performance, reconciliations, internal work procedures, etc. Every quarter, the IAD submits report(s) on audit findings such as internal control weaknesses identified as well as recommendations or corrective measures to the Audit Committee for review and approval, or for further deliberation with the Board.

Key elements of the Group's Internal Control System

Financial Reporting

It is vital that the financial statements of the Group is prepared in accordance to applicable Malaysia Financial Reporting Standards, the Companies Act, 1965, and the Bursa Malaysia Listing Requirements, therefore the Group has internal controls in place to ensure that the financial reporting process is capturing the financial information accurately to enable the Group to present a true and fair view of its financial position. Consequently, users of the information will have confidence that the financial information being presented is timely, accurate, and relevant in their decision making.

Accounts personnel follow internal policies and procedures segregated between preparers and reviewers in order to ensure that financial data are gathered and collected accurately. Management and the External Auditors also build on the integrity of the internal controls by the management doing their top level review as well as the audit process being employed by the External Auditors to provide assurance for the release of the financial statements.

Information Technology

The Group utilizes an in-house accounting program specifically designed to cater for the needs of the Group and capable of capturing, compiling and making management and financial reports for decision-making and review purposes.

Access to files and documents is restricted to authorized users and protected by passwords and physical devices. As a means of preventing data from being lost, hacked or stolen, files and documents are stored on a secured server regularly, and licensed operating systems, anti-virus programs, applications software and hardware are always kept up to date.

Human Resources and Segregation of Duties

The Human Resource processes in the organization follow policies and procedures to ensure that recruitment and exit of employees are in accordance to industry laws. Suitable candidates are assessed and are employed based on appropriate skill and experience matching their prospective role in the organization. Induction program and other training procedures are in place to ensure that employees are aware of their duties and responsibilities as well as to familiarize them to the organizational culture being promoted by the Board.

Internal policies relating to the delegation and segregation of duties are established for key business processes in order to minimize pilferage, leakage of sensitive information, and fraud. Senior management authorization is required for all activities involving material purchase and disposal of the Group's assets as well as when dealing with sensitive information.

Proper exit procedures are also in place to ensure that personnel who are leaving the organization are able to communicate any issues in the organization such as conflicts and dissatisfaction towards operational flaws. The Human Resource department can then relay this information to improve the existing processes and procedures in the relevant area of the business and hopefully enhance the overall experience of the employees.

Protection via Insurance Coverage

The shipping and logistics sector is an increasingly complex business environment to operate in. The nature of the Group's international operations means that the Group's assets are largely exposed to risks and external factors beyond the Group's control. Such risks include harsh weather conditions, issues involving international maritime laws, cross-border political conflicts, social unrest, and piracy. The Group ensures that insurance is adequately taken out in order to protect the Group's assets and resources.

Asset Registers

In order to ensure that the Group's physical assets are safe and accounted for, accurate records for all capital assets are maintained, updated and reconciled. All material capital expenditure and disposals are duly evaluated and require approval from senior management. Documents and other information relating to the register of assets are stored in a safe place. Authorization limits and clear reporting lines set by management provide further assurance against the occurrence of misappropriation, theft and undue transactions.

Foreign Exchange and Fuel Price Fluctuations

Exposure to Foreign exchange and fuel price fluctuations are inherent to the Group's international operations. Hence the Group has ensured that appropriate measures are in place to minimize the negative impact of such volatilities in the market.

The Procurement team obtains prices from various suppliers in order to perform price comparison as well as to carefully plan timing and location for each bunker procurement activity with the aim of optimal bunker utilization.

The Finance Team ensures that funds are converted on time and at the best rates by promptly gathering prices from all available banks and promptly submitting the information to senior management for approval prior to conversion of currencies being effected.

Conclusion

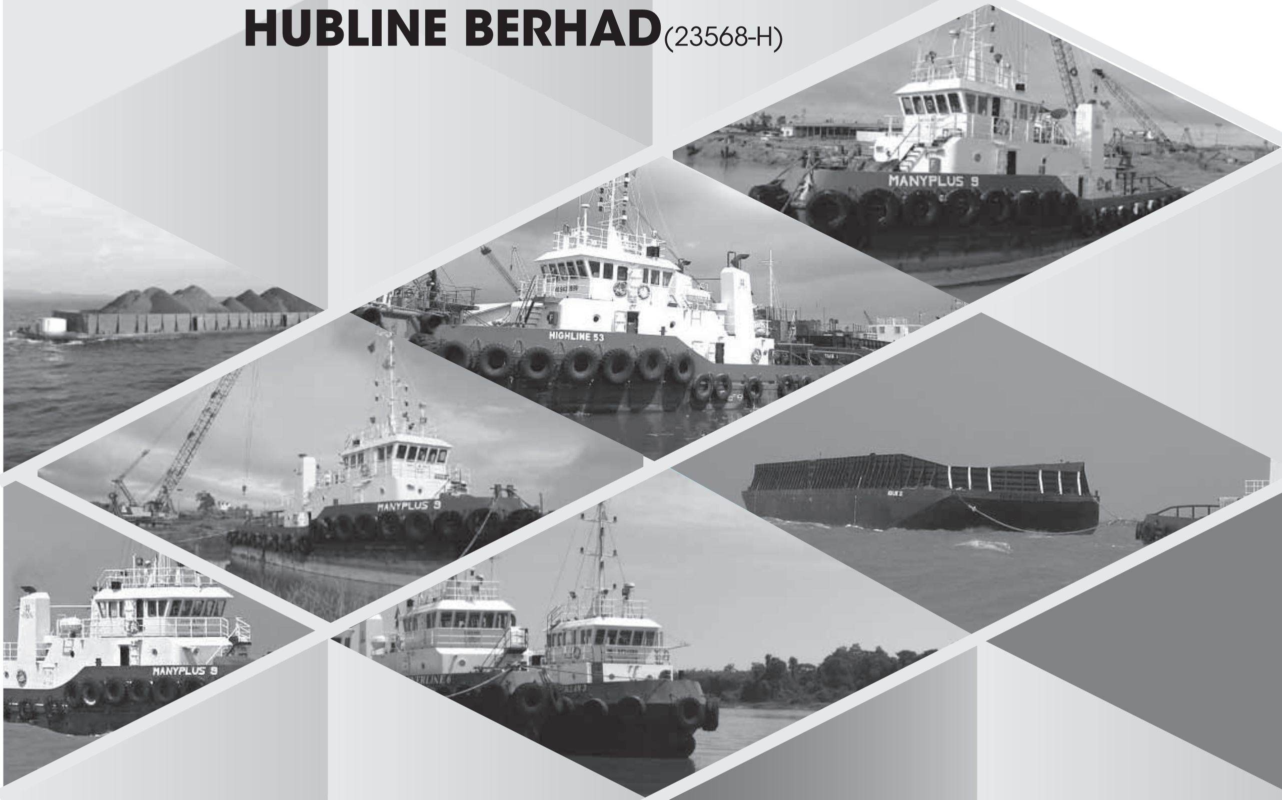
The Board recognizes that the nature of the business is ever changing in this global economic climate. Hence regular review and assessment is important for the Board to be confident that the systems and controls in place are still relevant and effective.

Based on the evaluation and review performed by the IAD and management, the Board is of the view that overall risk management and internal control systems are reasonable, adequate and effective in safeguarding the shareholders investment and the assets of the Group, and it is not aware of any significant failings or weaknesses for the financial year ended 30 September 2015.

The Board has also 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.

This statement is made in accordance with a resolution of the Board of Directors dated 29 January 2016.

HUBLINE BERHAD (23568-H)



Financial Statements

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities other than the exit of the container shipping division during the financial year.

RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(376,753,384)	(367,666,841)

DIVIDENDS

No dividend was paid since the end of previous financial year and the directors do not recommend the payment of any dividends for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issuance of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

WARRANTS

1. The Company had on 4 September 2015 obtained approval from Bursa Securities, for the listing of and quotation for the Warrants B. Approval was also obtained from ordinary shareholders of the Company, at an Extraordinary General Meeting held on 5 October 2015. The Warrants B were constituted by a Deed Poll dated 12 November 2015.

2. The salient features of the Warrants B are as follows:-

   (a) The issue date of the Warrants B was 21 December 2015 and the expiry date is 20 December 2020. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose.

   (b) In connection with the offer and issue of the Rights Shares, the Company creates and grants the Warrants B, subject to the Conditions, free of charge and at no cost to such persons of whom are entitled to subscribe for the Rights Shares on the basis of One (1) Warrants B for every Four (4) Rights Shares subscribed for and to such investors of the Placement Shares on the basis of One (1) Warrants B for every Two (2) Placement Shares subscribed for.

   (c) The number of the Warrants B to be created and issued by the Company is up to Three Billion Seventy Nine Million Seventy Seven Thousand Three Hundred Eighty Nine (3,079,077,389) units.

   (d) In relation to the Rights Issue With Warrants, the Warrants B shall not be issued to such person or persons who have effectively renounced their entitlement to the Rights Shares. However, if such person or persons decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants B in the proportion of their acceptance of their Rights Shares entitlements.

   (e) The Warrants B shall be issued together with the Rights Shares and Placement Shares (as the case may be) and shall be immediately detached from the Rights Shares and Placement Shares (as the case may be) upon issuance. The Warrants B shall be registered and traded separately with the Rights Shares and Placement Shares.

   (f) The Warrants B shall be traded on the Main Market of Bursa Securities.

   (g) The Warrants B shall as between the Warrant Holders rank pari passu and rateably in all aspects amongst themselves.

   (h) Each Warrant B entitles the Warrant Holder to subscribe for one (1) new Ordinary Share at any time and from time to time during the Exercise Period and at the Exercise Price of RM0.01 subject to certain Conditions.

   (i) The new Ordinary Shares to be issued arising from the exercise of Exercise Rights represented by the Warrants B, shall upon allotment and issue rank pari passu in all respects with the existing Ordinary Shares, save and except that the new Ordinary Shares will not be entitled to any dividend, right, allotment and/or any other forms of distribution where the entitlement date of such dividend, right, allotment and/ or other forms of distribution precedes the relevant date of allotment and issuance of the new Ordinary Shares.

   (j) At the expiry of the Exercise Period, any Warrant B which has not been exercised will cease to be valid for any purpose and will be deemed to have lapsed.

   (k) The Warrants B issued pursuant to this Deed Poll shall be credited directly into the Securities Account of the respective Warrant Holders and no physical scripts shall be issued to any Warrant Holder.

   (l) Warrant Holders are not entitled to vote in any general meeting of the Company or to participate in any distribution and/ or offer of further securities to the Ordinary Shareholders in the Company unless and until the Warrant Holders become Ordinary Shareholders by exercising their respective Warrants B in accordance with the terms and conditions herein.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 39 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Richard Wee Liang Huat @ Richard Wee Liang Chiat
Ling Li Kuang
Ibrahim Bin Baki
Katrina Ling Shiek Ngee
Jem Magnaye
Lai Lian Yee (Appointed on 21.08.2015)
Awang Mohidin Bin Awang Saman (Retired on 22.05.2015)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over shares of the Company and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares Of RM0.20 Each			
	At 1.10.2014	**Bought**	**Sold**	**At 30.9.2015**
Direct Interest:				
Ling Li Kuang	22,250,000	–	–	22,250,000
Richard Wee Liang Huat @ Richard Wee Liang Chiat	7,750,000	–	7,450,000	300,000
Lai Lian Yee	–	167,000	–	167,000
Deemed interest:				
Ling Li Kuang	11,607,716	–	–	11,607,716
Jem Magnaye	8,723,400	–	–	8,723,400
Katrina Ling Shiek Ngee	33,857,716	–	–	33,857,716
Lai Lian Yee	–	770,000	–	770,000

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.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 38 to the financial statements.

SUBSEQUENT EVENTS

On 5 October 2015, the shareholders had approved the Corporate Exercises at an extraordinary general meeting.

On 26 October 2015, the High Court of Sabah and Sarawak in Kuching granted an order permitting the Company to reduce the par value of Hubline Shares from RM0.20 to RM0.01 each. The sealed order was lodged with the Companies Commission of Malaysia on 2 November 2015 and accordingly, the par value reduction of Hubline Shares to RM0.01 each took effect on 2 November 2015.

The Group had on 12 November 2015 announced that the issue price of the Rights Shares and exercise price of the Warrants B was fixed at RM0.01 per Rights Share and RM0.01 per Warrant B respectively.

On 30 November 2015, the Group had despatched the abridged prospectus, notice of provisional allotment and rights subscription form in relation to the Rights Issue to the Entitled Shareholders.

On 29 December 2015, the 6,482,268,188 Rights Shares and 1,620,567,045 Warrants B as well as 362,802,547 Adjustments Warrants A consequential to the Rights issue were listed and quoted on the Main Market of Bursa Securities, marking the completion of the Rights issue.

AUDITORS

The auditors, Messrs. Crowe Horwath, 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 2016.

Ling Li Kuang

Katrina Ling Shiek Ngee

Statement By Directors

We, Ling Li Kuang and Katrina Ling Shiek Ngee, being two of the directors of Hubline Berhad, state that, in the opinion of the directors, the financial statements set out on pages 32 to 97 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 at 30 September 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 41, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 January 2016.

Ling Li Kuang **Katrina Ling Shiek Ngee**

Statutory Declaration

I, Ling Li Kuang, I/C No. 530105-13-5525, being the director primarily responsible for the financial management of Hubline Berhad, do solemnly and sincerely declare that the financial statements set out on pages 32 to 97 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Ling Li Kuang, I/C No. 530105-13-5525,
at Kuching in the State of Sarawak
on this 29 January 2016.

Ling Li Kuang

Before me,

Phang Dah Nan
Commissioner for Oaths
No. Q 119

Independent Auditors' Report

To The Members of Hubline Berhad

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 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended 30 September 2015, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 92.

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 is 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 judgement, 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 controls 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 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 of 30 September 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Other Matters

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors whose report dated 30 January 2015 expressed an unmodified opinion.

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 8 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act other than those which were modified in the manner as disclosed in Note 8 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 41 on page 92 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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

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.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Hudson Chua Jain
Approval No: 2538/05/16(J)
Chartered Accountant

Kuching

29 January 2016

Statements of Financial Position

At 30 September 2015

		The Group		The Company	
		2015	2014	2015	2014
	NOTE	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	239,881,422	459,733,605	67	468
Prepaid land lease payments	6	–	–	–	–
Intangible assets	7	15,206,740	85,352,633	–	–
Investment in subsidiaries	8	–	–	148,600,055	369,507,573
Other investment	9	–	1	–	–
Deferred tax assets	10	1,530,403	16,144,825	–	–
		256,618,565	561,231,064	148,600,122	369,508,041
CURRENT ASSETS					
Inventories	11	5,264,509	12,395,900	–	–
Trade receivables	12	69,200,701	101,373,305	–	–
Other receivables, deposits and prepayments	13	1,154,937	38,374,166	–	–
Amount owing by subsidiaries	14	–	–	42,585,008	263,286,192
Deferred expenditure		–	39,057	–	–
Fixed deposits with licensed banks	15	454,153	4,424,600	–	–
Cash and bank balances		3,929,591	8,052,719	910,546	4,268,134
Tax refundable		733,785	1,632,479	–	–
		80,737,676	166,292,226	43,495,554	267,554,326
TOTAL ASSETS		337,356,241	727,523,290	192,095,676	637,062,367

The annexed notes form an integral part of these financial statements.

	NOTE	The Group 2015 RM	The Group 2014 RM	The Company 2015 RM	The Company 2014 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	579,276,375	579,276,375	579,276,375	579,276,375
Share premium	16	2,357,179	2,357,179	2,357,179	2,357,179
Warrant reserve	16	71,669,843	71,669,843	71,669,843	71,669,843
Treasury shares	16	(4,192,396)	(4,192,396)	(4,192,396)	(4,192,396)
Other reserves	17	(30,350,732)	(10,391,478)	–	–
Accumulated losses		(578,171,904)	(201,418,520)	(586,331,019)	(218,664,178)
TOTAL EQUITY		40,588,365	437,301,003	62,779,982	430,446,823
NON-CURRENT LIABILITIES					
Long-term borrowings	18	104,186,019	97,313,685	92,919,224	36,163,094
Deferred tax liabilities	10	12,446,841	14,485,532	–	–
		116,632,860	111,799,217	92,919,224	36,163,094
CURRENT LIABILITIES					
Short-term borrowings	18	74,877,881	127,433,205	17,719,875	51,079,137
Trade payables	20	37,756,759	20,102,783	–	–
Other payables and accruals	21	66,735,224	29,635,644	5,030,304	709,797
Amount owing to subsidiaries	14	–	–	13,622,783	118,640,008
Amount owing to directors	22	391,986	835,742	–	–
Provision for taxation		373,166	415,696	23,508	23,508
		180,135,016	178,423,070	36,396,470	170,452,450
TOTAL LIABILITIES		296,767,876	290,222,287	129,315,694	206,615,544
TOTAL EQUITY AND LIABILITIES		337,356,241	727,523,290	192,095,676	637,062,367

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 30 September 2015

		The Group		The Company	
		2015	2014	2015	2014
	NOTE	RM	RM	RM	RM
CONTINUING OPERATIONS					
REVENUE	23	103,899,571	93,373,021	122,998,009	1,989,992
COST OF SALES		(91,357,847)	(89,120,769)	–	–
GROSS PROFIT		12,541,724	4,252,252	122,998,009	1,989,992
OTHER INCOME	24	26,928,368	6,465,941	26,476,128	28,555,129
		39,470,092	10,718,193	149,474,137	30,545,121
ADMINISTRATIVE EXPENSES AND OTHER OPERATING EXPENSES		(4,688,603)	(3,769,848)	(512,630,881)	(3,313,502)
PROFIT/(LOSS) FROM OPERATIONS		34,781,489	6,948,345	(363,156,744)	27,231,619
FINANCE COSTS	25	(5,901,041)	(7,988,621)	(4,536,443)	(6,607,957)
PROFIT/(LOSS) BEFORE TAXATION	26	28,880,448	(1,040,276)	(367,693,187)	20,623,662
INCOME TAX EXPENSES	27	(246,865)	(1,466,740)	26,346	–
PROFIT/(LOSS) AFTER TAXATION FROM CONTINUING OPERATIONS		28,633,583	(2,507,016)	(367,666,841)	20,623,662
DISCONTINUED OPERATIONS					
(LOSS)/PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS	28	(405,386,967)	5,768,362	–	–
(LOSS)/PROFIT AFTER TAXATION		(376,753,384)	3,261,346	(367,666,841)	20,623,662
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(19,959,254)	827,466	–	–
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS		(396,712,638)	4,088,812	(367,666,841)	20,623,662

EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (CENT PER SHARE):

Basic:					
- continuing operations	29	0.88	-0.08		
- discontinued operations		-12.50	0.18		
Diluted					
- continuing operations		N/A	N/A		
- discontinued operations		N/A	N/A		

The annexed notes form an integral part of these financial statements.

Statements of Changes In Equity

For The Financial Year Ended 30 September 2015

	<------------------------	--------	Non-Distributable	------------------------	------------------------>		
	Share Capital RM	Share Premium RM	Warrant Reserve RM	Treasury Shares RM	Other Reserves RM	Accumulated Losses RM	Total Equity RM
The Group							
Balance as at 1.10.2013	579,276,375	2,357,179	71,669,843	(4,192,396)	(11,218,944)	(204,679,866)	433,212,191
Profit after taxation for the financial year	–	–	–	–	–	3,261,346	3,261,346
Other comprehensive income for the financial year	–	–	–	–	827,466	–	827,466
Total comprehensive income for the financial year	–	–	–	–	827,466	3,261,346	4,088,812
Balance as at 30.9.2014	579,276,375	2,357,179	71,669,843	(4,192,396)	(10,391,478)	(201,418,520)	437,301,003
Loss after taxation for the financial year	–	–	–	–	–	(376,753,384)	(376,753,384)
Other comprehensive income for the financial year	–	–	–	–	(19,959,254)	–	(19,959,254)
Total comprehensive income for the financial year	–	–	–	–	(19,959,254)	(376,753,384)	(396,712,638)
Balance as at 30.9.2015	579,276,375	2,357,179	71,669,843	(4,192,396)	(30,350,732)	(578,171,904)	40,588,365

The annexed notes form an integral part of these financial statements.

Statements of Changes In Equity
For The Financial Year Ended 30 September 2015 (Contd.)

	<---------------- Non-Distributable<			---------------->		
	Share Capital RM	**Share Premium RM**	**Warrant Reserve RM**	**Treasury Shares RM**	**Accumulated losses RM**	**Total Equity RM**
The Company						
Balance as at 1.10.2013	579,276,375	2,357,179	71,669,843	(4,192,396)	(239,287,840)	409,823,161
Profit after taxation representing total comprehensive income for the financial year	–	–	–	–	20,623,662	20,623,662
Balance as at 30.09.2014/1.10.2014	579,276,375	2,357,179	71,669,843	(4,192,396)	(218,664,178)	430,446,823
Loss after taxation representing total comprehensive income for the financial year	–	–	–	–	(367,666,841)	(367,666,841)
Balance at 30.09.2015	579,276,375	2,357,179	71,669,843	(4,192,396)	(586,331,019)	62,779,982

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

For The Financial Year Ended 30 September 2015

	NOTE	The Group 2015 RM	The Group 2014 RM	The Company 2015 RM	The Company 2014 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation					
From continuing operations		28,880,448	(1,040,276)	(367,693,187)	20,623,662
From discontinued operations		(391,884,967)	7,229,963	–	–
		(363,004,519)	6,189,687	(367,693,187)	20,623,662
Adjustments for:-					
Amortisation of intangible assets		308,177	616,354	–	–
Amortisation of prepaid land lease payments		–	100,169	–	–
Amount waived by creditors		(47,315,649)	–	–	–
Bad debts written off		–	346,783	21,822	53,364
Depreciation of property, plant and equipment		32,601,137	37,083,129	401	401
Dividend income		–	–	(122,998,009)	(1,989,992)
Gain on disposal of prepaid land leasepayments		–	(3,770,779)	–	–
Loss/(Gain) on disposal of property, plant and equipment		197,311,780	(2,128,335)	–	–
Gain on unrealised foreign exchange		(25,432,881)	(1,383,053)	(21,934,647)	(660,842)
Impairment loss:-					
goodwill		69,837,716	–	–	–
inventories		3,455,488	–	–	–
investment in subsidiaries		–	–	220,907,518	2,392,220
property, plant and equipment		34,014,030	–	–	–
amount owing by subsidiaries		–	–	290,028,963	–
trade and other receivables		67,527,363	443,171	–	–
Interest expense		12,608,271	12,875,305	4,536,443	6,607,957
Interest income		(14,023)	(42,666)	(4,541,481)	(6,236,888)
Inventories written off		3,806,529	–	–	–
Property, plant and equipment written off		631,978	–	–	–
Reversal of impairment loss on other receivables		–	(1,522,283)	–	(21,435,432)
Transfer from foreign translation reserve		401,236	1,333,873	–	–
Operating (loss)/profit before working capital changes		(13,263,367)	50,141,355	(1,672,177)	(645,550)
(Increase)/Decrease in inventories		(130,626)	793,634	–	–
Decrease in trade and other receivables		43,636,889	3,785,887	–	
Net effect of changes in amount owing(to)/by subsidiaries		–	–	(152,432,179)	26,843,108
Decrease/(Increase) in deferred expenditure		39,057	(359,508)	–	–
Increase/(Decrease) in trade and other payables		54,984,866	(27,035,845)	4,320,507	176,695
Decrease in amount owing to directors		(443,756)	(223,184)	–	–

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows
For The Financial Year Ended 30 September 2015 (Contd.)

	NOTE	The Group 2015 RM	The Group 2014 RM	The Company 2015 RM	The Company 2014 RM
CASH FROM/(FOR) OPERATIONS		84,823,063	27,102,339	(149,783,849)	26,374,253
Interest paid		(12,608,271)	(12,875,305)	(4,536,443)	(6,607,957)
Tax refunded		1,266,670	1,048,554	26,346	–
Income tax paid		(1,583,639)	(1,562,269)	–	–
NET CASH FROM/(FOR) OPERATING ACTIVITIES		71,897,823	13,713,319	(154,293,946)	19,766,296
BALANCE CARRIED FORWARD		71,897,823	13,713,319	(154,293,946)	19,766,296
BALANCE BROUGHT FORWARD		71,897,823	13,713,319	(154,293,946)	19,766,296
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Dividend received		–	–	122,998,009	1,989,992
Interest received		14,023	42,666	4,541,481	31,416
Proceeds from disposal of prepaid land lease payment		–	15,654,707	–	–
Purchase of property, plant and equipment	30	(14,296,780)	(19,439,433)	–	–
Proceeds from disposal of property, plant and equipment		9,842,264	12,335,972	–	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(4,440,493)	8,593,912	127,539,490	2,021,408
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Net repayment of hire purchase and lease financing		(170,432)	(8,367,197)	–	–
Net (repayment)/proceeds of other borrowings		(12,091,850)	(19,778,238)	23,389,861	(21,759,193)
Decrease/(Increase) in cash at bank and deposits with licensed bank pledged for borrowings		5,675,852	613,499	3,483,713	(41,203)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(6,586,430)	(27,531,936)	26,873,574	(21,800,396)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		60,870,900	(5,224,705)	119,118	(12,692)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(63,583,001)	3,552,258	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIALYEAR		4,124,574	5,797,021	(481,437)	(468,745)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31	1,412,473	4,124,574	(362,319)	(481,437)

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements
for the Financial Year Ended 30 September 2015

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office and principal place of business	:	Wisma Hubline, Lease 3815 (Lot 10914), Section 64, KTLD, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 January 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities other than the exit of the container shipping division during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 119: Employee Contributions
The amendments to MFRS 119 simplify the accounting treatment of contributions from employees and third parties to defined benefit plans. Contributions that are independent of the number of years of service shall be recognised as a reduction in the service cost in the period in which the related service is rendered. For contributions that are dependent on the number of years of service, the Company is required to attribute those contributions to periods of service using either based on the plan's contribution formula or on a straight-line basis, as appropriate.

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the entity's investments in unquoted shares that are currently stated at cost (less accumulated impairment losses) will be measured at fair value through other comprehensive income upon the adoption of MFRS 9.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(b) 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.

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 2015 was RM1,530,403 (2014 - RM16,144,825).

(c) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Amortisation of Intangible Assets

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

(e) Useful Life 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(f) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. 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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(g) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from 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 end of the reporting period.

4.4 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

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

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

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.

(b) Financial Liabilities at Fair Value through Profit or Loss

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities 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.

(c) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(c) Other Financial Liabilities (cont'd)

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.

(d) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FAIR VALUE MEASUREMENT

The Group and the Company measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of the financial instruments measured at amortised cost are disclosed in Note 36.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the ability takes place either:

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair values in measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1	-	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	-	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	-	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Furniture, fittings and 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

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and 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.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, 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 through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.7 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4.10 INTANGIBLE ASSETS

(a) Goodwill

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

The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised 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 at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 INTANGIBLE ASSETS (CONT'D)

(b) Other Intangible Assets

Other intangible assets represent the development costs incurred for computer software and other related expenses of the Company. Intangible assets are measured on initial recognition at costs. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised over the estimated 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 are 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.

4.11 INVENTORIES

Inventories comprise bunker, lubricant, ship stores and spare parts held for own consumption and are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

4.12 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.

4.13 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 INCOME TAXES

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.16 PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.18 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 REVENUE AND OTHER INCOME

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(a) Freight revenue

Ocean freight revenue and terminal handling revenue for cargoes loaded onto the container vessels and their relevant discharging costs are accrued in 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 reporting date. 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 accruals 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.

(e) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(f) Dividend Income

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

4.21 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.10.2014 RM	Additions RM	Disposals RM	Written off RM	Exchange differences RM	Impairment losses RM	Depreciation charges RM	At 30.9.2015 RM
Net book value								
Furniture, fittings and motor vehicles	3,870,612	124,131	(28,452)	(631,978)	–	(133,927)	(518,237)	2,682,149
Plant and machinery	86,553,659	–	(360,752)	–	5,228,504	(33,790,104)	(14,434,047)	43,197,260
Vessels and vessel equipment and drydocking expenditure	369,309,334	29,272,649	(206,764,840)	–	19,923,722	(89,999)	(17,648,853)	194,002,013
	459,733,605	29,396,780	(207,154,044)	(631,978)	25,152,226	(34,014,030)	(32,601,137)	239,881,422

The Group	At 1.10.2013 RM	Additions RM	Disposals RM	Exchange differences RM	Reclass-ifications RM	Depreciation charges RM	At 30.9.2014 RM
Net book value							
Buildings	4,432,042	–	(4,345,292)	–	–	(86,750)	–
Plant and machinery	95,406,623	5,878,268	(848,469)	127,702	–	(14,010,465)	86,553,659
Furniture, fittings and motor vehicles	4,689,406	381,760	(121,761)	(3,360)	–	(1,075,433)	3,870,612
Vessels and vessel equipment and drydocking expenditure	382,403,659	13,273,405	(4,892,115)	495,423	(60,557)	(21,910,481)	369,309,334
	486,931,730	19,533,433	(10,207,637)	619,765	(60,557)	(37,083,129)	459,733,605

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated depreciation RM	Accumulated impairment RM	Net book value RM
30.9.2015				
Furniture, fittings and motor vehicles	8,951,660	(6,135,584)	(133,927)	2,682,149
Plant and machinery	144,203,955	(67,216,591)	(33,790,104)	43,197,260
Vessels and vessel equipment	279,716,458	(85,624,446)	(89,999)	194,002,013
	432,872,073	(158,976,621)	(34,014,030)	239,881,422
30.9.2014				
Furniture, fittings and motor vehicles	15,371,885	(11,501,273)	–	3,870,612
Plant and machinery	135,459,975	(48,906,316)	–	86,553,659
Vessels and vessel equipment	509,145,032	(139,835,698)	–	369,309,334
	659,976,892	(200,243,287)	–	459,733,605

The Company	At 1.10.2014 RM	Depreciation charge RM	At 30.9.2015 RM
Net book value			
Furniture and fittings	468	(401)	67

The Company	At 1.10.2013 RM	Depreciation charge RM	At 30.9.2014 RM
Net book value			
Furniture and fittings	869	(401)	468

The Company	At Cost RM	Accumulated depreciation RM	Net book value RM
30.9.2015			
Furniture and fittings	7,513	(7,446)	67
30.9.2014			
Furniture and fittings	7,513	(7,045)	468

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Net book value of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	2015 RM	2014 RM
Vessels and vessel equipment	–	129,039,275
Furniture, fittings and motor vehicle	331,096	218,121
	331,096	129,257,396

(b) Net book value of property, plant and equipment pledged as securities for borrowings are as follows:

	2015 RM	2014 RM
Vessels and vessel equipment	180,001,640	140,750,482

6. PREPAID LAND LEASE PAYMENTS

The Group	At 1.10.2013 RM	Amortisation Disposal RM	At charge RM	30.9.2014/ 30.9.2015 RM
Net book value				
Land and building	10,490,459	(10,390,290)	(100,169)	–

7. INTANGIBLE ASSETS

The Group	At 1.10.2014 RM	Impairment loss RM	Amortisation charge RM	Write off RM	At 30.9.2015 RM
Net book value					
Goodwill	84,617,272	–	–	(69,410,532)	15,206,740
Software development costs	735,361	(427,184)	(308,177)	–	–
	85,352,633	(427,184)	(308,177)	(69,410,532)	15,206,740

7. INTANGIBLE ASSETS (CONT'D)

The Group	At 1.10.2013 RM	Amortisation charge RM	At 30.9.2014 RM
Net book value			
Goodwill	84,617,272	–	84,617,272
Software development costs	1,351,715	(616,354)	735,361
	85,968,987	(616,354)	85,352,633

The Group	At Cost RM	Accumulated impairment RM	Accumulated amortisation RM	Net book value RM
30.9.2015				
Goodwill	15,206,740	–	–	15,206,740
Software development costs	5,369,674	(427,184)	(4,942,490)	–
	20,576,414	(427,184)	(4,942,490)	15,206,740

The Group	At Cost RM	Accumulated amortisation RM	Net book value RM
30.9.2014			
Goodwill	84,617,272	–	84,617,272
Software development costs	5,369,674	(4,634,313)	735,361
	89,986,946	(4,634,313)	85,352,633

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. Cash flows 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 cash flow 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 0% (2014 -3%) per annum with a discount factor of 8.8% (2014 - 9.6%). 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.

8. INVESTMENT IN SUBSIDIARIES

	The Company	
	2015	2014
	RM	RM
Unquoted shares, at cost		
- in Malaysia	430,200,065	430,200,069
- outside Malaysia	7	127,482
	430,200,072	430,327,551
Less: Accumulated impairment losses	(281,600,017)	(60,819,978)
	148,600,055	369,507,573

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
EM Container Line Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer, dormant
EM Line Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer, dormant
EM Shipping Sdn. Bhd.^°	Malaysia	100	100	Shipping agent
EM Carriers Sdn. Bhd.^	Malaysia	100	100	Shipping
Premier Spectrum Sdn. Bhd.^	Malaysia	100	100	Provision of shipping supplies, dormant
Wonder Link Sdn. Bhd.	Malaysia	100	100	Dormant
Whittler Company Ltd.^°	British Virgin Islands	100	100	Provision of marine cargo handling and shipping services and investment holding
Grand Dragon Overseas Ltd.^°	British Virgin Islands	100	100	Vessel chartering and Islands containerised shipping
Chatlink Sdn. Bhd. ^	Malaysia	100	100	Ship owner and charterer, dormant
Hub Explorer Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer, dormant
Hub Fleet Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer, dormant
Hub Continental Shipping Sdn. Bhd.^°	Malaysia	100	100	Ship owner and charterer, dormant

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Hub Shipping Sdn. Bhd.^°	Malaysia	100	100	Provision of marine cargo handling and shipping services
Hub Warrior Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Ozlink Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer
Patimico Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer
Malaform Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer
Highline Shipping Sdn. Bhd.	Malaysia	100	100	Investment holding, provision of management services and ship charterer
Hub Shipping (PNG) Co. Ltd.*	Papua New Guinea	–	100	Shipping, deregistered
Hub Shipping (S) Pte. Ltd.*	Singapore	–	100	Shipping, struck off
Hubline Logistics Sdn. Bhd.	Malaysia	100	100	Property holding
Hubline Asia Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer
Hubline Bulk Sdn. Bhd.	Malaysia	–	100	Dormant, struck off
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	Dormant, struck off
Held through subsidiaries:				
Subsidiary of Wonder Link Sdn. Bhd.				
Hub Marine Pte. Ltd.*^°	Singapore	100	100	Shipping agent

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Held through subsidiaries: 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 Co. Ltd.^	Labuan, Malaysia	100	100	Shipping
Everline Bulk Co. Ltd.	Labuan, Malaysia	100	–	Shipping
Everline Carrier Co. Ltd.	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

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Held through subsidiaries:				
Subsidiaries of Highline Shipping Sdn. Bhd.				
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
Hignline Navigators Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Oceanic Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
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	General trading, struck off
Subsidiaries of Hub Shipping Sdn. Bhd.				
Hubline (China) Ltd.*	China	–	100	Shipping agent, deregistered

* These subsidiaries were audited by other firms of chartered accountants.
^ Subsidiaries which rely on continuing financial support from the ultimate holding company to continue operations on a going concern basis. The Auditors' Report were modified to the extent that an Emphasis of Matter was stated with respect to the going concern assumption.
° These subsidiaries have discontinued their operations during the financial year.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The Group had on 6 November 2014 and 7 November 2014 incorporated Everline Bulk Co. Ltd. and Everline Carrier Co. Ltd. at a cash consideration of USD 1 respectively. Both companies are wholly owned by Highline Shipping Sdn. Bhd..

The Group had on 10 March 2015, resolved that Hub Shipping (S) Pte Ltd., a wholly owned subsidiary incorporated in Singapore, be struck off voluntarily.

The Group had further on 8 July 2015 and 25 September 2015 resolved that the following wholly-owned subsidiaries be deregistered/struck off:

a) Hub Shipping (PNG) Co. Ltd.
b) Hubline (China) Ltd.
c) Many Plus Enterprise Ltd.
d) Hubline Bulk Sdn. Bhd.
e) Hubline Harbor Sdn. Bhd.

The dissolution/strike-off of the above subsidiaries was part of the Group's restructuring plan in line with its exit from the container shipping business.

9. OTHER INVESTMENT

	The Group	
	2015	**2014**
	RM	**RM**
Non-current		
Available-for-sale financial assets Equity investment (unquoted shares outside Malaysia)	–	1

Investment in unquoted shares of the Group are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

10. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2015	**2014**
	RM	**RM**
At 1 October	1,659,293	3,897,780
Recognised in profit or loss	(12,575,731)	(2,238,487)
At 30 September	(10,916,438)	1,659,293
Presented after appropriate offsetting as follows:		
Deferred tax assets	1,530,403	16,144,825
Deferred tax liabilities	(12,446,841)	(14,485,532)
	(10,916,438)	1,659,293

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

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 2014	(14,485,532)
Recognised in profit or loss	2,038,691
At 30 September 2015	(12,446,841)
At 1 October 2013	(14,240,905)
Recognised in profit or loss	(244,627)
At 30 September 2014	(14,485,532)

Deferred tax assets of the group:

	Unrealised foreign exchange RM	Allowance for impairment RM	Unabsorbed capital allowances RM	Total RM
At 1 October 2014	(51,850)	4,076,000	12,120,675	16,144,825
Recognised in profit or loss	52,640	(4,076,000)	(10,591,062)	(14,614,422)
At 30 September	2015 790	–	1,529,613	1,530,403
At 1 October 2013	(69,660)	1,479,000	16,729,345	18,138,685
Recognised in profit or loss	17,810	2,597,000	(4,608,670)	(1,993,860)
At 30 September 2014	(51,850)	4,076,000	12,120,675	16,144,825

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

	The Group 2015 RM	2014 RM
Unused tax losses	22,550,532	10,408,000
Unabsorbed capital allowances	22,647,691	14,192,000
	45,198,223	24,600,000

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profit of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44 (5A) and (5B) of Income Tax Act, 1967.

11. INVENTORIES

The Group

	2015 RM	2014 RM
At cost:		
Trading stocks	2,536,484	2,738,534
Consumables	2,728,025	9,657,366
	5,264,509	12,395,900

12. TRADE RECEIVABLES

	The Group 2015 RM	2014 RM
Trade receivables	137,111,029	119,481,260
Less: Allowance for impairment losses	(67,910,328)	(18,107,955)
	69,200,701	101,373,305
Allowance for impairment losses:-		
At 1 October	18,107,955	18,282,095
Addition during the financial year	67,352,479	443,171
Exchange differences	(17,550,106)	(522,877)
Reversal of impairment losses	–	(94,434)
At 30 September	67,910,328	18,107,955

Trade receivables are non-interest bearing and are generally on 30 to 270 days (2014: 30 to 270 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.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group 2015 RM	2014 RM
Other receivables	479,566	137,758,353
Less: Allowance for impairment losses	(174,884)	(100,992,841)
	304,682	36,765,512
Advances	5,821	–
Deposits	425,203	321,799
Prepayments	419,231	1,286,855
	1,154,937	38,374,166

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

	The Group	
	2015 RM	2014 RM
Allowance for impairment losses:-		
At 1 October	100,992,841	101,952,697
Addition during the financial year	174,884	–
Exchange differences	31,474,453	467,993
Written off during the financial year	(132,467,294)	–
Reversal of impairment losses	–	(1,427,849)
	174,884	100,992,841

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Group	
	2015 RM	2014 RM
Amount owing by subsidiaries	157,682,229	250,615,097
Less: Allowance for impairment losses	(128,720,004)	(105,968,913)
	28,962,225	144,646,184
Allowance for impairment losses:-		
At 1 October	105,968,913	434,376,063
Addition during the financial year	290,028,963	–
Written off during the financial year	(267,277,872)	(306,971,718)
Reversal of impairment losses	–	(21,435,432)
At 30 September	128,720,004	105,968,913
Presented after appropriate offsetting as follows:		
Amount owing by subsidiaries	42,585,008	263,286,192
Amount owing to subsidiaries	(13,622,783)	(118,640,008)
	28,962,225	144,646,184

The amounts due from/(to) 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% (2014 - 6.0%) per annum.

15. FIXED DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks amounting to RM 268,075 (2014 - RM 5,943,927) of the Group are pledged to bankers for borrowings and bankers' guarantees granted to the Group and the Company. The weighted average effective interest rates of deposits with licensed banks are 3.5% (2014 – 2.15%) per annum.

16. SHARE CAPITAL, SHARE PREMIUM, WARRANT RESERVES AND TREASURY SHARES

	Number of Ordinary of RM0.20 each		<-------------------Shares Amount ------------------->				
	Share capital	Treasury shares	Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Warrant reserve RM	Treasury shares RM
30 September 2014/2015	3,254,730,694	(13,596,600)	579,276,375	2,357,179	581,633,554	71,669,843	(4,192,396)

	The Company			
	2015	2014	2015	2014
	Number Of Shares		RM	RM
Authorised				
Ordinary shares of RM0.20 each	5,000,000,000	5,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid-up				
Ordinary shares of RM0.20 each	3,254,730,694	3,254,730,694	579,276,375	579,276,375

16.1 SHARE PREMIUM

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

16.2 WARRANT RESERVES

This represents the reserve arising from the issue of new ordinary shares with free detachable warrants effected on 11 November 2009, 20 May 2013 and 19 October 2013.

16.3 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.

17. OTHER RESERVES

	Foreign currency translation reserve RM	Total RM
The Group		
At 1 October 2014	(10,391,478)	(10,391,478)
Foreign currency translation	(20,360,490)	(20,360,490)
Transfered to profit or loss (Note 17.2)	401,236	401,236
At 30 September 2015	(30,350,732)	(30,350,732)
At 1 October 2013	(11,218,944)	(11,218,944)
Foreign currency translation	(506,407)	(506,407)
Transfered to profit or loss (Note 17.2)	1,333,873	1,333,873
At 30 September 2014	(10,391,478)	(10,391,478)

17.1 FOREIGN EXCHANGE 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.

17.2 TRANSFER TO PROFIT OR LOSS

During the financial year, the Company's subsidiaries, Hub Shipping (S) Pte Ltd., Hub Shipping (PNG) Co. Ltd., Hubline (China) Ltd., Many Plus Enterprise Ltd., Hubline Bulk Sdn. Bhd. and Hubline Harbor Sdn. Bhd. have been dissolved/struck off. Accordingly, the foreign currency translation reserve of RM401,236 is transferred to the profit or loss.

In the prior year, Hub Shipping (PNG) Co. Ltd. has ceased its operations. Accordingly, the foreign currency translation reserve of RM1,333,873 is transferred to the profit or loss.

18. BORROWINGS

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Short-term borrowings:-				
Secured:				
Bank guarantee	1,295,887	–	–	–
Bank overdrafts	2,184,641	1,411,035	–	–
Invoice Financing	39,672,013	19,194,452	–	–
Hire purchase payables (Note 19)	98,423	10,506,457	–	–
Revolving credits	7,671,089	7,000,000	–	–
Term loans	17,722,188	35,423,819	13,000,000	30,885,279
Wa'd Al Murabahah Financing	3,715,085	19,196,075	3,715,085	19,196,075
	72,359,326	92,731,838	16,715,085	50,081,354
Unsecured:				
Bank overdrafts	518,555	997,783	1,004,790	997,783
Onshore foreign currency loan and bill payables	–	30,864,723	–	–
Revolving credits	2,000,000	2,838,861	–	–
	2,518,555	34,701,367	1,004,790	997,783
	74,877,881	127,433,205	17,719,875	51,079,137
Long-term borrowings:-				
Secured:				
Hire purchase payables (Note 19)	118,978	41,025,591	–	–
Term loans	43,983,624	20,125,000	32,835,807	–
Wa'd Al Murabahah Financing	60,083,417	36,163,094	60,083,417	36,163,094
	104,186,019	97,313,685	92,919,224	36,163,094

18. BORROWINGS (CONT'D)

The Group	The Company			
	2015 RM	2014 RM	2015 RM	2014 RM
Total borrowings:-				
Bank guarantee (secured)	1,295,887	–	–	–
Bank overdrafts (secured)	2,184,641	1,411,035	–	–
Bank overdrafts (unsecured)	518,555	997,783	1,004,790	997,783
Invoice Financing (secured)	39,672,013	19,194,452	–	–
Hire purchase payables (secured)	217,401	51,532,048	–	–
Onshore foreign currency loan and bill payables (unsecured)	–	30,864,723	–	–
Revolving credits (secured)	7,671,089	7,000,000	–	–
Revolving credits (unsecured)	2,000,000	2,838,861	–	–
Term loans (secured)	61,705,812	55,548,819	45,835,807	30,885,279
Wa'd Al Murabahah Financing (secured)	63,798,502	55,359,169	63,798,502	55,359,169
	179,063,900	224,746,890	110,639,099	87,242,231

The remaining maturities of the loans and borrowings as at year end are as follows:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Not later than one year	74,877,881	127,433,205	17,719,875	51,079,137
Later than one year and not later than two years	31,210,319	65,483,263	27,241,885	20,030,307
Later than two years and not later than five years	72,975,700	29,705,422	65,677,339	16,132,787
Later than five years	–	2,125,000	–	–
	179,063,900	224,746,890	110,639,099	87,242,231

The secured borrowings of the Group are secured by the followings:-

(i) Vessels and vessel equipment of the Group as disclosed in Note 5;
(ii) Assignment of contract proceeds of certain long-term shipping contracts and insurances of certain vessels of the Group; and
(iii) Deposits with licensed banks and finance company of the Group as disclosed in Note 15.

18. BORROWINGS (CONT'D)

The bank borrowings bore weighted average effective interest rate as follows:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Bank overdrafts (secured)	6.74%	6.74%	7.85%	–
Bank overdrafts (unsecured)	7.85%	7.85%	7.85%	7.85%
Invoice Financing (secured)	9.68%	4.85%	–	–
Hire purchase payables (secured)	4.65%	5.00%	–	–
Onshore foreign currency loan and bill payables (unsecured)	5.02%	5.02%	–	–
Revolving credits (secured)	5.48%	4.96%	–	–
Revolving credits (unsecured)	6.63%	5.84%	–	–
Term loans (secured)	5.68%-5.84%	5.68%	5.68%	5.68%
Wa'd Al Murabahah Financing (secured)	7.00%	7.00%	7.00%	7.00%

19. HIRE PURCHASE PAYABLES

	The Group	
	2015 RM	2014 RM
Minimum hire purchase payments:		
- not later than one year	101,672	12,838,044
- later than one year and not later than two years	81,182	41,674,252
- later than two years and not later than five years	39,413	75,774
	222,267	54,588,070
Less: Future finance charges	(4,866)	(3,056,022)
Present value of hire purchase payables	217,401	51,532,048

The hire purchase payables are repayable as follows:-

	The Group	
	2015 RM	2014 RM
Current		
Not later than one year	98,423	10,506,457
Non-Current		
Later than one year and not later than two years	79,684	40,952,956
Later than two years and not later than five years	39,294	72,635
	118,978	41,025,591
	217,401	51,532,048

20. TRADE PAYABLES

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days (2014 - 30 to 90 days).

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	46,041,330	12,675,162	1,243,698	123,397
Deposits	43,955	103,303	–	–
Accruals	20,649,939	16,857,179	3,786,606	586,400
	66,735,224	29,635,644	5,030,304	709,797

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2014: average term of six months).

22. AMOUNT OWING TO DIRECTORS

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

23. REVENUE

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Shipping and related activities	103,899,571	92,030,187	–	–
Trading activities	–	1,342,834	–	–
Dividend income	–	–	122,998,009	1,989,992
	103,899,571	93,373,021	122,998,009	1,989,992

24. OTHER INCOMES

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Foreign exchange gains:				
- realised	329,561	162,196	–	154,651
- unrealised	24,172,909	(370,280)	21,934,647	660,842
Gain on disposal of prepaid land lease payments	–	3,770,779	–	–
Gain on disposal of property, plant and equipment	82,000	1,538,642	–	–
Insurance recovery	1,240,445	976,013	–	–
Interest income	12,598	41,730	4,541,481	6,236,888
Miscellaneous	1,070,113	232,297	–	67,316
Rental income	20,742	20,130	–	–
Reversal of impairment losses on receivables	–	94,434	–	21,435,432
	26,928,368	6,465,941	26,476,128	28,555,129

25. FINANCE COST

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest expense on:				
Borrowings	5,901,041	7,988,621	4,536,443	6,607,957

26. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Amortisaion of prepaid land lease payments	–	100,169	–	–
Auditors' remuneration:				
- current financial year	245,557	253,825	36,000	36,000
- under/(over)provision in the previous financial year	2,300	(3,168)	–	–
Bad debts written off	–	346,783	21,822	53,364
Depreciation of property, plant and equipment	12,212,641	11,238,863	401	401
Employee benefits expense	3,619,109	4,605,038	163,700	135,587
Interest expenses	5,901,041	7,988,621	4,536,443	6,607,957
Impairment of investment in subsidiaries	–	–	220,907,518	2,392,220
Impairment loss:				
- amount owing by subsidiaries –	–	290,028,963	–	
- trade receivables	174,884	82,695	–	–
Loss on disposal of property, plant and equipment	321,414	–	–	–
Loss on dissolved subsidiaries	178,307	–	–	–
Loss on foreign exchange:				
- realised	1,218,609	147,309	–	–
- unrealised	452,172	(749,788)	–	–
Non-executive directors' remuneration	228,000	267,849	180,000	176,822
Rental of premises	749,800	305,040	90,300	180,600
Dividend income	–	–	(122,998,009)	(1,989,992)
Gain on disposal of prepaid land lease payments	–	(3,770,779)	–	–
Gain on disposal of property, plant and equipment	(82,000)	(1,538,642)	–	–
Gain on foreign exchange:				
- realised	(329,561)	(162,196)	–	(154,651)
- unrealised	(24,172,909)	370,280	(21,934,647)	(660,842)
Interest income	(12,598)	(41,730)	(4,541,481)	(6,236,888)
Rental income	(20,742)	(20,130)	–	–
Reversal of impairment loss on financial assets:				
- other receivables	–	–	–	(21,435,432)
- trade receivables	–	(94,434)	–	–
Transfer from foreign translation reserve	401,236	1,333,873	–	–

27. TAXATION

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Income tax:				
- Malaysian tax	972,054	578,841	–	–
- Labuan tax	40,000	20,000	–	–
- foreign tax	–	8,605	–	–
	1,012,054	607,446	–	–
- under/(over)provision in the previous financial year : Malaysian income tax	161,080	24,807	(26,346)	–
	1,173,134	632,253	(26,346)	–
Deferred taxation:				
- relating to orginating and reversal of temporary differences	(965,782)	456,264	–	–
- underprovision in the previous financial year	39,513	378,223	–	–
	246,865	1,466,740	(26,346)	–

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

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before taxation	28,880,448	(1,040,276)	(367,693,187)	20,623,662
Tax at the statutory tax rate of 25% (2014 - 25%)	7,220,112	(260,068)	(91,923,297)	5,155,916
Non-taxable income	(7,141,099)	(2,962,318)	(35,810,823)	(5,856,356)
Non-deductible expenses	4,483,754	4,649,553	127,734,120	700,440
Effect of income subject to lower tax rate	(3,897,514)	(674,179)	–	–
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances and tax losses	–	637,359	–	–
Effects of differential in tax rates in other countries	42	(326,637)	–	–
Utilisation of deferred tax assets recognised in prior year	(619,023)	–	–	–
Underprovision of income tax in the previous financial year	161,080	24,807	(26,346)	–
Underprovision of deferred taxation in the previous financial year	39,513	378,223	–	–

27. TAXATION (CONT'D)

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Income tax expense for the financial year	246,865	1,466,740	(26,346)	–

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

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

28. DISCONTINUED OPERATIONS

The Group previously operated in two distinct business segments of the shipping industry, namely the container shipping business and the Dry Bulk Business. The Group had on 18 February 2015, announced the discontinuance of its container shipping business which has been loss-making for the past few years as a result of intense competition from larger capacity container vessels and decreasing charter rates.

The results of the discontinued operations during financial year are as follows:

		The Group	
	Note	2015 RM	2014 RM
Revenue	28.1	55,697,290	268,281,618
Cost of Sales		(89,599,884)	(233,402,566)
Gross (loss)/profit		(33,902,594)	34,879,052
Other income	28.2	49,354,141	3,965,050
		15,451,547	38,844,102
Administrative expenses		(331,218,752)	(26,727,455)
Finance costs	28.3	(6,707,230)	(4,886,684)
Goodwill written off		(69,410,532)	–
(Loss)/Profit before taxation	28.4	(391,884,967)	7,229,963
Income tax expense	28.5	(13,502,000)	(1,461,601)
Loss after taxation from discontinued operations		(405,386,967)	5,768,362

28.1 REVENUE

	The Group	
	2015 RM	2014 RM
Shipping and related activities	55,331,700	268,281,618
Trading activities	365,590	–
	55,697,290	268,281,618

28. DISCONTINUED OPERATIONS (CONT'D)

28.2 OTHER INCOME

	The Group 2015 RM	2014 RM
Amount waived by creditors	47,315,649	–
Gain on disposal of property, plant and equipment	297,894	589,693
Gain on foreign exchange:		
- realised	–	624,027
- unrealised	1,712,144	1,038,403
Insurance recovery	–	131,264
Interest income	1,425	936
Miscellaneous	27,029	152,878
Reversal of allowance of impairment on other receivables	–	1,427,849
	49,354,141	3,965,050

28.3 FINANCE COST

	The Group 2015 RM	2014 RM
Interest expense on:		
Borrowings	6,707,230	4,886,684

28.4 (LOSS)/PROFIT BEFORE TAXATION

	The Group 2015 RM	2014 RM
Amortisation of intangible assets	308,177	616,354
Amount waived by creditors	(47,315,649)	–
Auditors' remuneration:		
- current financial year	116,992	134,426
- (over)/underprovision in the previous financial year	(35,667)	3,000
Depreciation of property, plant and equipment	20,388,496	25,844,266
Employee benefits expense	17,309,652	22,057,006
Hire of container and equipment	4,422,586	2,422,509
Hire of tugs	–	965,721
Interest expenses	6,707,230	4,886,684
Inventories written off	3,806,529	–
Impairment loss:		
- goodwil	l 69,837,716	–
- intangible assets	427,184	–
- inventories	3,455,488	–
- property, plant and equipment	34,014,030	–
- trade receivables	67,352,479	360,476

28. DISCONTINUED OPERATIONS (CONT'D)

28.4 (LOSS)/PROFIT BEFORE TAXATION

	2015 RM	2014 RM
Loss on disposal of property, plant and equipment	197,370,260	–
Loss on foreign exchange:		
- realised	238,955	16,409
- unrealised	–	34,858
Non-executive directors' remuneration	–	26,324
Property, plant and equipment written off	631,978	–
Rental of premises	1,224,663	1,300,375
Gain on disposal of property, plant and equipment	(297,894)	(589,693)
Gain on foreign exchange:		
- realised	–	(624,027)
- unrealised	(1,712,144)	(1,038,403)
Interest income	(1,425)	(936)
Reversal of allowance of impairment on other receivables	–	(1,427,849)

28.5 TAXATION

	The Group	
	2015 RM	2014 RM
Income tax:		
- Malaysian tax	–	46,000
- underprovision in the previous financial year	–	11,601
	–	57,601
Deferred taxation:		
- relating to orginating and reversal of temporary differences	13,502,000	3,821,000
- effect of change in corporate income tax rate	–	497,000
- overprovision in the previous financial year –	(2,914,000)	
	13,502,000	1,461,601

28. DISCONTINUED OPERATIONS (CONT'D)

28.5 TAXATION

A reconciliation of income tax expense applicable to the (loss)/profit before taxation of discontinued operations at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	The Group 2015 RM	2014 RM
(Loss)/Profit before taxation	(391,884,967)	7,229,963
Tax at the statutory tax rate of 25% (2014 - 25%)	(97,971,242)	1,807,491
Non-taxable income	40,356,799	812,434
Non-deductible expenses	71,116,443	1,220,022
Effect of reduction of tax rate	–	497,000
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances and tax losses	–	27,053
Underprovision of income tax in the previous financial year	–	11,601
Overprovision of deferred taxation in the previous financial year	–	(2,914,000)
Income tax expense for the financial year	13,502,000	1,461,601

28.6 CASH FLOWS ATTRIBUTABLE TO THE DISCONTINUED OPERATIONS

	The Group 2015 RM	2014 RM
Net cash (for)/from operating activities	(7,950,506)	21,026,077
Net cash from/(for) investing activities	9,554,341	(9,054,788)
Net cash for financing activities	(5,774,344)	(11,467,411)
Net cash (for)/from discontinued operations	(4,170,509)	503,878

29. EARNINGS/(LOSS) PER SHARE

Basic earnings per share amounts are calculated by dividing (loss)/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:

	The Group	
	2015 RM	2014 RM
(Loss)/profit attributable to owners of the Company	(376,753,384)	3,261,346
Weighted average number of ordinary shares at 30 September	3,241,134,094	3,241,134,094
Basic earnings per ordinary share (Cent)	(11.62)	0.10

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

30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2015 RM	2014 RM
Cost of property, plant and equipment purchased	29,396,780	19,533,433
Amount financed through hire purchase	(15,100,000)	(94,000)
Cash disbursed for purchase of property, plant and equipment	14,296,780	19,439,433

31. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash on hand and at banks	3,929,591	8,052,719	910,546	4,268,134
Deposits with licensed banks	454,153	4,424,600	—	—
Cash at bank and deposits with licensed banks pledged for borrowings	(268,075)	(5,943,927)	(268,075)	(3,751,788)
Bank overdrafts	(2,703,196)	(2,408,818)	(1,004,790)	(997,783)
Cash and cash equivalents The Group The Company	1,412,473	4,124,574	(362,319)	(481,437)

32. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Wages and salaries	19,784,473	24,920,111	150,684	125,960
Contribution to defined contribution plan	1,067,722	1,511,582	11,560	8,517
Social security contributions	76,566	118,529	1,456	1,110
Other benefits	–	111,822	–	–
	20,928,761	26,662,044	163,700	135,587

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,888,805 (2014 - RM1,874,213) and RM60,000 (2014 - RM63,178) respectively.

33. DIRECTORS' REMUNERATION

(a) The aggregate amounts of remuneration received and receivable by the directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors Of The Company				
Executive directors:				
Salaries and other emoluments	2,709,893	1,649,104	–	3,178
Fees	84,000	99,109	60,000	60,000
Contributions to defined contribution plan	94,912	126,000	–	–
	2,888,805	1,874,213	60,000	63,178
Non-Executive directors:				
Salaries and other emoluments	60,000	88,600	60,000	56,822
Fees	168,000	194,941	120,000	120,000
Contributions to defined contribution plan	–	10,632	–	–
	228,000	294,173	180,000	176,822
Total directors' remuneration	3,116,805	2,168,386	240,000	240,000

33. DIRECTORS' REMUNERATION (CONT'D)

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Group	
	2015	2014
	Number Of Directors	
Executive directors:-		
RM300,001 - RM350,000	1	1
RM1,550,001 - RM1,600,000	–	1
RM1,700,001 - RM1,750,000	1	–
Non-Executive directors:-		
Below RM50,000	4	4
RM100,001 - RM150,000	1	1

34. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group	
	2015 RM	2014 RM
Subsidiaries:		
Dividend income	122,998,009	1,989,992
Interest income	4,537,422	6,205,472

(c) Compensation of key management personnel

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Key management personnel compensation				
- short-term employee benefits	3,855,782	6,552,902	240,000	240,000
- post-employment benefits (defined contribution plan)	138,157	473,963	–	–
	3,993,939	7,026,865	240,000	240,000

34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel (cont'd)

Included in the total key management personnel are:

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors' remuneration	3,116,805	2,168,386	240,000	240,000

35. OPERATING SEGMENTS

Disclosure of information about operating segments, products and services, the geographical area, and the major customers are made as required by MFRS 8 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

The Group only has one major strategic operating segment – shipping. All revenue and substantially all the expenses incurred are directly or indirectly attributable to this segment.

36. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

36.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group		**The Company**	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Effects On Profit After Taxation				
USD/RM				
- strengthened by 10%	25,053,588	(355,183)	(6,379,850)	(3,925,876)
- weakened by 5%	(12,526,794)	177,592	3,189,925	1,962,938
SGD/RM				
- strengthened by 5%	466,501	198,217	–	–
- weakened by 5%	(466,501)	(198,217)	–	–

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group		**The Company**	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Effects On Profit After Taxation				
Loans on borrowings				
Increase of 50 basic points	(630,414)	(423,061)	(226,822)	(108,117)
Decrease of 50 basic points	630,414	423,061	226,822	108,117

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises 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.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) 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 trade receivables at the reporting date are as follows:-

	2015		**2014**	
	RM'000	**% of total**	**RM'000**	**% of total**
By country:				
Within Malaysia	1,095	2%	24,329	24%
Outside Malaysia	68,106	98%	77,044	76%
	69,201	100%	101,373	100%

(ii) 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 RM95,659,102 (2014 - RM126,104,095) relating to corporate guarantee provided by the Company to subsidiaries' borrowings.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables (including amount owing by related parties) at the end of the reporting period is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2015				
Not past due	1,664,407	–	–	1,664,407
Past due:				
- less than 1 month	–	–	–	–
- 1 to 2 months	–	–	–	–
- 2 to 3 months	–	–	–	–
- over 3 months	135,446,622	(67,308,523)	(601,805)	67,536,294
	135,446,622	(67,308,523)	(601,805)	67,536,294
	137,111,029	(67,308,523)	(601,805)	69,200,701

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2015				
Not past due	77,187,999	–	–	77,187,999
Past due:				
- less than 1 month	8,678,699	–	–	8,678,699
- 1 to 2 months	6,444,428	–	–	6,444,428
- 2 to 3 months	6,702,567	–	–	6,702,567
- over 3 months	20,467,567	(2,909,835)	(15,198,120)	2,359,612
	42,293,261	(2,909,835)	(15,198,120)	24,185,306
	119,481,260	(2,909,835)	(15,198,120)	101,373,305

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis (Cont'd)

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
30.9.2015						
Bank borrowings	4.65% – 9.68%	179,063,900	201,391,218	80,119,333	121,271,886	–
Trade payables	–	37,756,759	37,756,759	37,756,759	–	–
Other payables and accruals	–	66,735,224	66,735,224	66,735,224	–	–
Amount owing to directors	–	391,986	391,986	391,986	–	–
		283,947,869	306,275,187	185,003,302	121,271,886	–
30.9.2014						
Bank borrowings	4.85% – 7.85%	224,746,890	248,085,719	140,827,112	104,925,186	2,333,421
Trade payables	–	20,102,783	20,102,783	20,102,783	–	–
Other payables and accruals	–	29,635,644	29,635,644	29,635,644	–	–
Amount owing to directors	–	835,742	835,742	835,742	–	–
		275,321,059	298,659,888	191,401,281	104,925,186	2,333,421

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
30.9.2015						
Bank borrowings	5.68% – 7.85%	110,639,099	132,968,574	18,960,266	114,008,307	–
Other payables and accruals	–	5,030,304	5,030,304	5,030,304	–	–
Amount owing to subsidiaries	–	13,622,783	13,622,783	13,622,783	–	–
		129,292,186	151,621,661	37,613,353	114,008,307	–
30.9.2014						
Bank borrowings	5.68% – 7.85%	87,242,231	100,433,342	57,967,972	42,465,370	–
Other payables and accruals	–	709,797	709,797	709,797	–	–
Amount owing to subsidiaries	–	118,640,008	118,640,008	118,640,008	–	–
		206,592,036	219,783,147	177,317,777	42,465,370	–

36.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 CAPITAL RISK MANAGEMENT (CONT'D)

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.

There was no change in the Group's approach to capital management during the financial year.

	The Group		The Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Bank borrowings	179,063,900	224,746,890	110,639,099	87,242,231
Trade payables	37,756,759	20,102,783	–	–
Other payables and accruals	66,735,224	29,635,644	5,030,304	709,797
Amount owing to directors	391,986	835,742	–	–
	283,947,869	275,321,059	115,669,403	87,952,028
Less: Fixed deposits with licensed banks	(454,153)	(4,424,600)	–	–
Less: Cash and bank balances	(3,929,591)	(8,052,719)	(910,546)	(4,268,134)
Net debt	279,564,125	262,843,740	114,758,857	83,683,894
Total equity	40,588,365	437,301,003	62,779,982	430,446,823
Total equity and net debt	320,152,490	700,144,743	177,538,839	514,130,717
Gearing ratio	87.32%	37.54%	64.64%	16.28%

36. FINANCIAL INSTRUMENTS (CONT'D)

36.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial Assets				
Available-for-sale financial assets				
Other investment	–	1	–	–
Loans and receivables financial assets				
Trade receivables	69,200,701	101,373,305	–	–
Other receivables, deposits and prepayments	1,154,937	38,374,166	–	–
Amount owing by subsidiaries	–	–	42,585,008	263,286,192
Fixed deposits with licensed banks	454,153	4,424,600	–	–
Cash and bank balances	3,929,591	8,052,719	910,546	4,268,134
	74,739,382	152,224,790	43,495,554	267,554,326
Financial Liabilities				
Other financial liabilities				
Bank borrowings	179,063,900	224,746,890	110,639,099	87,242,231
Trade payables	37,756,759	20,102,783	–	–
Other payables and accruals	66,735,224	29,635,644	5,030,304	709,797
Amount owing to directors	391,986	835,742	–	–
Amount owing to subsidiaries	–	–	13,622,783	118,640,008
	283,947,869	275,321,059	129,292,186	206,592,036

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 FAIR VALUE INFORMATION

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

	Fair Value Of Financial Instruments Not Carried At Fair Value			
The Group	**Level 1 RM**	**Level 2 RM**	**Total Fair Value RM**	**Carrying Amount RM**
30.9.2015				
Financial Liabilities				
Bank borrowings	–	63,243,969	63,243,969	64,015,903
30.9.2014				
Financial Liabilities				
Bank borrowings	–	109,854,771	109,854,771	106,891,217

	Fair Value Of Financial Instruments Not Carried At Fair Value			
The Company	**Level 1 RM**	**Level 2 RM**	**Total Fair Value RM**	**Carrying Amount RM**
30.9.2015				
Financial Liabilities				
Bank borrowings	–	63,028,726	63,028,726	63,798,502
30.9.2014				
Financial Liabilities				
Bank borrowings	–	53,478,982	53,478,982	55,359,169

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 FAIR VALUE INFORMATION (CONT'D)

(a) The fair values above are for disclosure purposes and have been determined using the following basis:-

(i) The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	2015 RM	2014 RM
Bank borrowings	8.78%	6.97%
Hire purchase payables	5.94%	5.09%

(b) In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.

37. NUMBER OF EMPLOYEES

The number of employees at the balance sheet date was 80 (2014 – 343).

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) Exit of Container Business

The Group had on 18 February 2015 announced the discontinuance of its container shipping business carried out by the wholly-owned subsidiary, Hub Shipping and various other subsidiaries ("Exit of Container Business"). The container business has been loss-making for the past few years. Since the announcement on the Exit of the Container Business, the Group had started to dispose its containers, containers-related assets and equipment which resulted in a substantial impairment losses during the financial year.

b) Restraining Order pursuant to Section 176(10) of the Companies Act 1965 obtained by Hub Shipping Sdn. Bhd.

Pursuant to the Exit of Container Business, a Restraining Order pursuant to Section 176(10) of the Companies Act 1965 was granted on 2 April 2015 by the High Court of Sabah and Sarawak at Kuching to restrain any and all proceedings and/ or actions and/ or further proceedings in any suits and/or proceedings and/ or actions against Hubline and/ or in respect of Hubline and/ or its assets and/ or assets employed in its business, including without limitation any winding-up, execution, arrest of property, arbitration proceedings, act of repossession or purported repossession, the appointment of receivers and managers, liquidators, provisional liquidators or otherwise whatsoever, by any creditors and/or purported creditors or any other persons whatsoever, are hereby restrained except by leave of the Court for a period of 90 days effective from 2 April 2015 subject to the appointment of a director, who shall access to the records of Hubline, nominated by a majority in value of its creditors within two weeks of nomination, and there shall be no disposition or acquisition of property by Hubline unless the Court otherwise orders.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

b) Restraining Order pursuant to Section 176(10) of the Companies Act 1965 obtained by Hub Shipping Sdn. Bhd. (Cont'd)

On 29 June 2015, the Court has further granted the Restraining Order to extend for a period of 90 days with effective from 2 July 2015.

On 28 September 2015, the Court has further granted the Restraining Order to extend for a period of 90 days with effective from 30 September 2015 which expires on 29 December 2015.

Following the expiry of the restraining order obtained by Hub Shipping, Hub Shipping has received various claims, including notice of winding up and writ of summons from third parties on various claims as highlighted in Note 39.

c) Restructuring Exercises undertaken by the Group

On 29 May 2015, the Group had announced its intention to undertake the following Restructuring Exercises:-

(i) a share capital reduction of Hubline via the cancellation of RM0.19 of the par value of every existing issued and fully paid-up ordinary share of RM0.20 each in Hubline pursuant to Section 64 of the Act;

(ii) a renounceable rights issue of up to 6,482,268,188 Rights Shares on the basis of two (2) Rights Shares for every one (1) Hubline Share after the Par Value Reduction, together with 1,620,567,047 Warrants B, on the basis of one (1) Warrant B for every four (4) Rights Shares subscribed on the Entitlement Date;

(iii) a private placement of up to 2,917,020,684 new Hubline Shares, representing up to approximately 30.0% of the enlarged issued and fully paid-up share capital of the Company after the Par Value Reduction and Rights Issue, together with up to 1,458,510,342 Warrants B on the basis of one (1) Warrant B for every two (2) Placement Shares to be subscribed by potential Placees; and

(iv) amendments to the memorandum of association of Hubline to facilitate the Par Value Reduction.

Subsequently, on 4 September 2015, Bursa Securities had, vide its letter on even date, approved the following:-

(i) Additional listing of and quotation for up to 6,482,268,188 Rights Shares to be issued pursuant to the Rights Issue;

(ii) Admission of the Warrants B to the official list of Bursa Securities and the initial listing of and quotation for up to 1,620,567,047 Warrants B to be issued pursuant to the Rights Issue;

(iii) Additional listing of and quotation for up to 2,917,020,684 Placement Shares to be issued pursuant to the Private Placement;

(iv) Additional listing of and quotation for up to 1,458,510,342 Warrants B to be issued pursuant to the Private Placement;

(v) Additional listing of and quotation for up to 3,079,077,389 new Hubline Shares to be issued pursuant to the exercise of the Warrants B arising from the Rights Issue and Private Placement;

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

c) Restructuring Exercises undertaken by the Group (Cont'd)

(vi) Additional listing of and quotation for up to 431,907,923 Adjustment Warrants A to be issued pursuant to the adjustment made in accordance with the provisions of the Deed Poll 2009; and

(vii) Additional listing of and quotation for up to 431,907,923 new Hubline Shares to be issued pursuant to the exercise of the Adjustment Warrants A.

The Adjustments of Warrants A were made in accordance with the provisions of the Deed Poll 2009 to mitigate equity dilution so that the status of the Warrantholders A is not prejudiced pursuant to the Rights Issue.

The Board of Directors were of the view that the above mentioned Restructuring Exercises would raise funds for working capital purposes as well as to repay credit facilities from banks/financial institutions. The Group has made good progress in implementing its Restructuring Exercises during the financial year.

39. CONTINGENT LIABILITIES

There are two material litigation cases and three threatened litigations against the subsidiaries – Hub Shipping Sdn. Bhd. and EM Shipping Sdn. Bhd. as at year end amounted to RM32,049,544 based on the Bank Negara Malaysia's exchange rate of USD1.00: RM4.3955 as at 30 September 2015. The details are as follows:-

(i) Winding-up petition by Textainer Equipment Management Limited

Textainer Equipment Management Limited ("Petitioner") had on 15 July 2015 made a demand to Hub Shipping Sdn. Bhd. via a Statutory Notice dated 13 July 2015 pursuant to Section 218(1)(e), (i) & (2)(a) of the Act for payment of the sum of USD3,733,810 alleging being for container leasing and interest and service charges, recovery cost, repair charges and replacement value of 758 units of containers unaccounted for, while Hub Shipping was under a Restraining Order pursuant to Section 176(10A) of the Act. Hub Shipping does not agree with the Petitioner's amount of claim.

Subsequently, a winding-up petition against Hub Shipping Sdn. Bhd. was presented on 25 September 2015 to the High Court in Malaya at Shah Alam by the Petitioner and a copy was served at Hub Shipping's registered office on 2 October 2015 pursuant to the abovesaid Statutory Notice.

The petition was fixed to be heard on 8 January 2016 but was adjourned to 4 February 2016.

(ii) Northport (Malaysia) Bhd

Northport (Malaysia) Bhd ("Northport") had on, 24 August 2015 made a demand for payment of the sum of approximately RM3,453,442 against Hub Shipping Sdn. Bhd. while Hub Shipping was under a Restraining Order under S176(10) of the Act. The amounts claimed arose from alleged failure to make payments for port facilities and services rendered. Hub Shipping does not agree with the Northport's amount of claim.

Subsequently, a writ of summons against Hub Shipping Sdn. Bhd. and EM Shipping Sdn. Bhd. was presented on 5 October 2015 to the High Court by Northport and a copy was served at the registered office of Hub Shipping on 21 October 2015. The total amount claimed by Northport under the writ of summons and statement of claims is approximately RM3,497,189 together with interest, costs and other reliefs and orders as the court deems fit. The amount claimed includes items that Hub Shipping disputes.

The case management was fixed for 18 November 2015 but was adjourned to 4 February 2016.

39. CONTINGENT LIABILITIES (CONT'D)

(iii) North West Depoh Sdn. Bhd.

North West Depoh Sdn. Bhd. ("North West Depoh") had on, 26 August 2015 presented a writ of summons against Hub Shipping Sdn. Bhd. and EM Shipping Sdn. Bhd. to the High Court. The total amount claimed by North West Depoh under the writ of summons and statement of claims is approximately RM893,099 together with continuing interest thereon and costs. The amounts claimed is in respect of the provision of haulage and container services.

Subsequently, Hub Shipping Sdn. Bhd. has filed a Counterclaim for the return of 109 units of containers belonging to Hub Shipping which are currently withheld by North West Depoh.

(iv) North West Haulage Sdn. Bhd.

North West Haulage Sdn. Bhd. ("North West Haulage") had on, 26 August 2015 presented a writ of summons against Hub Shipping Sdn. Bhd. and EM Shipping Sdn. Bhd. to the High Court. The total amount claimed by North West Haulage under the writ of summons and statement of claims is approximately RM346,335 together with continuing interest thereon and costs. The amount claimed is in respect of haulage and container services.

(v) Notice pursuant to Section 218(1)(e) and Section (2)(a) of the Act by China Shipping Industry (Guangzhou) Co. Ltd.

A notice pursuant to Section 218(1)(e) and Section(2)(a) of the Act dated 2 October 2015 was served by China Shipping Industry (Guangzhou) Co. Ltd. against Hub Shipping for the sum of approximately USD2,480,027 alleging to be due and owing for repair costs for work carried out on various vessels.

No winding up petition has been served on Hub Shipping Sdn. Bhd. by China Shipping Industry (Guangzhou) Co. Ltd.. Nevertheless, Hub Shipping Sdn. Bhd. has instructed their solicitors to review the said notice in detail and to advise on the action to be taken to defend itself.

As the validity of the above claims cannot presently be determined, no additional liability to the amounts already recognised in the accounts in respect of the above said claims had been recognised in the Financial Statements accordingly.

40. COMPARATIVE FIGURES

The comparative figures have been audited by a firm of Chartered Accountants other than Crowe Horwath.

41. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the retained profits of the Group and the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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, as follows:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained profits/ (accumulated losses) of Hubline Berhad and its subsidiaries:				
- realised	(1,373,343,121)	(573,625,709)	(608,265,666)	(219,325,020)
- unrealised	11,145,006	2,617,995	21,934,647	660,842
	(1,362,198,115)	(571,007,714)	(586,331,019)	(218,664,178)
Less: Consolidation adjustments	784,026,211	369,589,194	–	–
At 30 September	(578,171,904)	(201,418,520)	(586,331,019)	(218,664,178)

Analysis of Shareholdings
As at 29 January 2016

Authorized Share Capital	:	RM 1,000,000,000
Issued and Fully Paid-up Capital	:	RM 97,369,988.82
Class of Shares	:	Ordinary Shares of RM 0.01 each
Voting rights	:	One Vote per Ordinary Share

Distribution of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	50	0.33	2,672	0.00
100 to 1,000	313	2.07	227,246	0.00
1,001 to 10,000	2,797	18.46	17,567,780	0.18
10,001 to 100,000	6,505	42.93	318,594,794	3.28
100,001 to less than 5% of issued shares	5,483	36.19	7,485,397,353	76.98
5% and above of issued shares	3	0.02	1,901,612,437	19.56
	15,151	100.00	9,723,402,282	100.00

Total issued shares as at 29 January 2016	:	9,736,998,882
Treasury shares as per ROD dated 29 January 2016	:	13,596,600
Adjusted capital after netting treasury shares as at 29 January 2016	:	9,723,402,282

Substantial shareholders as at 29 January 2016

	Direct		Deemed Interest/Indirect	
	No. of shares	%	No. of shares	%
Billion Power Sdn Bhd	1,101,025,439	11.31	–	–
Richard Wee Liang Huat @ Richard Wee Liang Chiat	800,900,000	8.22	–	–
Vendalon Sdn Bhd	500,267,000	5.14	–	–

Director's shareholdings as at 29 January 2016

	<-------------Direct-------------->		<-----------Indirect----------->	
		%		%
Dennis Ling Li Kuang	436,305,990	4.49	11,607,716 (1)	0.12
Richard Wee Liang Huat @ Richard Wee Liang Chiat	800,900,000	8.23	-	-
Haji Ibrahim Bin Haji Baki	10,000	0.00	-	-
Katrina Ling Shiek Ngee	-	-	447,913,706 (2)	4.61
Haji Awang Mohidin Bin Awang Saman	-	-	-	-
Lai Lian Yee	167,000	0.00	770,000 (3)	0.01
Jem Magnaye	-	-	8,723,400 (4)	0.09

(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 his spouse, Ms Kho Hui Choo.
(4) Deemed interest by virtue of shareholding held by her spouse, Mr Bernard Ling Ing Tah.

Thirty Largest Shareholders as at 29 January 2016

	Names	No. of Shares	%
1	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Richard Wee Liang Huat	800,600,000	8.23
2	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Billion Power Sdn Bhd	600,994,437	6.18
3	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Vendalon Sdn Bhd	500,018,000	5.14
4	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Billion Power Sdn Bhd	400,000,984	4.11
5	Amsec Nominees (Tempatan) Sdn Bhd Ling Li Kuang	388,455,990	4.00
6	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Boon Poh (008)	288,627,700	2.97
7	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN For UOB Kay Hian Pte Ltd (A/C Clients)	131,502,000	1.35
8	Lembaga Tabung Haji	119,242,650	1.23
9	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Billion Power Sdn Bhd	100,030,018	1.03
10	Ng Wai Yuan	100,001,000	1.03
11	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Teik Hoe	98,916,100	1.02
12	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Lian Siew @ Ting Lian Bo	91,785,000	0.94
13	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Helen Poon	86,856,600	0.89
14	Kenanga Nominees (Tempatan) Sdn Bhd Gan Boon Guat (EM1-P88)	72,500,000	0.75
15	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Absolute Privilege Sdn Bhd	72,087,800	0.74

Thirty Largest Shareholders as at 29 January 2016 (Cont'd)

	Names	No. of Shares	%
16	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Pin Sew	71,885,000	0.74
17	Mahawa Binti Pilus	58,500,000	0.60
18	Tye Sok Cin	57,029,700	0.59
19	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pau Chiong Ching	52,710,000	0.54
20	James Lo Kuin Chuan	50,003,000	0.51
21	Tye Yien Yin	50,000,000	0.51
22	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ling Li Kuang	47,850,000	0.49
23	Maybank Nominees (Tempatan) Sdn Bhd Syed Hossin Bin Wan Hamit	47,500,000	0.49
24	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Sie Ling (E-KUG)	46,365,600	0.48
25	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Leh Ping	44,000,600	0.45
26	Ruben Kelvin Rajadurai	42,000,000	0.43
27	Yeo Peng Huat	42,000,000	0.43
28	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Wee Hua	39,810,000	0.41
29	Tey Chern Chern	36,300,000	0.37
30	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phang Shay Nam	33,000,000	0.34
	TOTAL	**4,570,572,179**	**47.01**

Analysis of Warrants Holdings

As at 29 January 2016

Type of Securities:		10 year Warrants 2009/2019 ('Warrants A')
Total Warrants Issued and Not Exercised	:	1,874,480,280
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	65	0.96	3,463	0.00
100 to 1,000	162	2.39	85,494	0.00
1,001 to 10,000	1,799	26.57	8,312,036	0.44
10,001 to 100,000	2,285	33.74	88,889,612	4.74
100,001 to less than 5% of issued warrants	2,461	36.34	1,777,189,675	94.81
5% and above of issued warrants	0	0.00	0	0.00
	6,772	100.00	1,874,480,280	100.00

Director's Warrants Holdings as at 29 January 2016

	<------------Direct------------->		<----------Indirect---------->	
		%		%
Dennis Ling Li Kuang	3,843,200	0.20	4,489,978 [(1)]	0.24
Richard Wee Liang Huat @ Richard Wee Liang Chiat	49,600	0.00	–	–
Haji Ibrahim Bin Haji Baki	–	–	–	–
Katrina Ling Shiek Ngee	–	–	8,333,178 [(2)]	0.44
Haji Awang Mohidin Bin Awang Saman	–	–	–	–
Lai Lian Yee	–	–	74,400 [(3)]	0.00
Jem Magnaye	–	–	–	–

(1) Deemed interest by virtue of warrants held by his spouse, Ms Christine Lau Swee Eng.
(2) Deemed interest by virtue of warrants held by her father, Mr Dennis Ling Li Kuang and her mother, Ms Christine Lau Swee Eng.
(3) Deemed interest by virtue of warrants held by his spouse, Ms Kho Hui Choo.

Thirty Largest Warrants Holders as at 29 January 2016

	Names	No. of Warrants	%
1	Lee Eng Chuan	57,660,000	3.08
2	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN For UOB Kay Hian Pte Ltd (A/C Clients)	51,566,739	2.75
3	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Ing Ping (ET)	35,216,000	1.88

Analysis of Warrants Holdings
As at 29 January 2016 (Contd.)

Thirty Largest Warrants Holders as at 29 January 2016 (Cont'd)

	Names	**No. of Warrants**	**%**
4	Maybank Nominees (Tempatan) Sdn Bhd Ch'ng Yock Kim	19,220,000	1.03
5	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Lee Keong (BTINGGI-CL)	18,910,000	1.01
6	Tiong Ing Ping	17,144,612	0.91
7	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Phang Shay Nam	14,892,400	0.79
8	Thong Kam Weng	14,356,472	0.77
9	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kek Lian Lye	13,987,200	0.75
10	Ooi Sow Teck @ Ooi Soon Teik	13,640,000	0.73
11	Cartaban Nominees (Asing) Sdn Bhd Exempt AN For Credit Agricole (Suisse) SA	12,400,000	0.66
12	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Ka Kiat	12,400,000	0.66
13	Maybank Nominees (Tempatan) Sdn Bhd Mohd Azizi Bin Abdullah	11,780,000	0.63
14	Son Kat Pee @ Soin Kat Pee	11,555,436	0.62
15	Mah Gek Cheng	10,700,000	0.57
16	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohamad Farishal Bin Mohamad Rasid (E-SKN)	9,296,800	0.50
17	Mat Zaid Bin Ibrahim	9,176,000	0.49
18	Lim Hun Guan	8,556,000	0.46
19	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Ing Seng (ET)	8,246,372	0.44
20	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Kok Seng (E-TCS)	8,213,140	0.44

Thirty Largest Warrants Holders as at 29 January 2016 (Cont'd)

	Names	No. of Warrants	%
21	Ngiam Ai Jee	8,134,400	0.43
22	Azmi Bin Ali	7,594,280	0.41
23	Lee Yen Ting	7,440,000	0.40
24	Low Tian Heng	7,440,000	0.40
25	Yap Fook Lim	7,232,000	0.39
26	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Pau Chiong Ching (021)	6,335,928	0.34
27	Yong Wing Kit	6,324,000	0.34
28	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Lim Chee Keong (MY2109)	6,200,000	0.33
29	Khairuddin Bin Abdullah	6,200,000	0.33
30	Loh Choon Yow	6,200,000	0.33
	TOTAL	**428,017,779**	**22.83**

Analysis of Warrants Holdings
As at 29 January 2016 (Contd.)

Type of Securities	:	5 year Warrants 2015/2020 ('Warrants B')
Total Warrants Issued and Not Exercised	:	1,620,567,045
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	14	0.40	625	0.00
100 to 1,000	38	1.09	26,050	0.00
1,001 to 10,000	631	18.12	3,822,379	0.24
10,001 to 100,000	1,808	51.91	84,915,512	5.24
100,001 to less than 5% of issued warrants	986	28.31	768,443,079	47.42
5% and above of issued warrants	6	0.17	763,359,400	47.10
	3,483	100.00	1,620,567,045	100.00

Director's Warrants Holdings as at 29 January 2016

	<------------Direct------------->		<----------Indirect---------->	
		%		%
Dennis Ling Li Kuang	103,513,997	6.39	–	–
Richard Wee Liang Huat @ Richard Wee Liang Chiat	200,150,000	12.35	–	–
Haji Ibrahim Bin Haji Baki				
Katrina Ling Shiek Ngee	–	–	103,513,997 (1)	6.39
Haji Awang Mohidin Bin Awang Saman	–	–	–	–
Lai Lian Yee		–	–	–
Jem Magnaye		–	–	–

(1) Deemed interest by virtue of warrants held by her father, Mr Dennis Ling Li Kuang.

Thirty Largest Warrants Holders as at 29 January 2016

	Names	No. of Warrants	%
1	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd For Richard Wee Liang Huat	200,150,000	12.35
2	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Billion Power Sdn Bhd	150,165,739	9.27
3	Tey Chern Chern	112,500,000	6.94
4	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd For Vendalon Sdn Bhd	105,004,500	6.48

Thirty Largest Warrants Holders as at 29 January 2016 (Cont'd)

	Names	No. of Warrants	%
5	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Billion Power Sdn Bhd	100,000,164	6.17
6	Amsec Nominees (Tempatan) Sdn Bhd Ling Li Kuang	95,538,997	5.90
7	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ting Pin Sew	40,689,300	2.51
8	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ting Lian Siew @ Ting Lian Bo	31,772,500	1.96
9	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Billion Power Sdn Bhd	25,005,003	1.54
10	Chap Kar Kar	25,000,000	1.54
11	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mior Abdul Rahman Bin Miou Mohd Khan (STARHILL-CL)	23,000,000	1.42
12	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ting Wee Hua	18,760,000	1.16
13	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Helen Poon	17,548,450	1.08
14	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Teik Hoe	12,625,000	0.78
15	James Lo Kuin Chuan	12,500,500	0.77
16	Wong Mok Moy	10,100,000	0.62
17	Kenanga Nominees (Tempatan) Sdn Bhd Chong Mei	9,500,000	0.59
18	Chai Lip Nyan	8,000,000	0.49
19	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ling Li Kuang	7,975,000	0.49

Analysis of Warrants Holdings
As at 29 January 2016 (Contd.)

Thirty Largest Warrants Holders as at 29 January 2016 (Cont'd)

	Names	**No. of Warrants**	**%**
20	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Sie Ling (E-KUG)	7,727,600	0.48
21	Su Meu Ging	7,573,500	0.47
22	Yeo Peng Huat	7,000,000	0.43
23	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yong Shu Kong (E-KKU)	6,250,000	0.39
24	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chung Kin Chuan (CHU0226C)	5,450,500	0.34
25	Lim Boon Seng	5,400,000	0.33
26	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Lee Keong (BTINGGI-CL)	5,000,000	0.31
27	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Yu Hock (MARGIN)	5,000,000	0.31
28	Ong Wan Chin	4,800,000	0.30
29	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Bee Yook (008)	4,359,700	0.27
30	Su An Lee	4,237,500	0.26
	TOTAL	**1,068,633,953**	**65.94**

Notice Of Fortieth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fortieth 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 Tuesday, 29th March 2016 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, 2015 and the Report of the Auditors thereon.

2. To re-elect Mr Lai Lian Yee, who is retiring in accordance with Article 70 of the Articles of Association of the Company and is offering himself for re-election. **Resolution 1**

3. To re-elect Mr Dennis Ling Li Kuang, 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 approve Directors' fee of RM240,000.00 for the financial year ending 30 September 2016. **Resolution 4**

6. To re-appoint Messrs Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business

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

7. **Continuation in office as Independent Non-Executive Directors** **Resolution 6**

   "That approval be and is hereby given to Tuan Haji Ibrahim Bin Haji Baki who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as Independent Non-Executive Director of the Company.

8. **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **Resolution 7**

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

9. 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: 29th February 2016

Explanatory Notes To Special Business:

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

   The Board has assessed the independence of Tuan Haji Ibrahim Bin Haji Baki who has been in tenure as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years:

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

   i) He has fulfilled the criteria under the definition of an Independent Director as stated in the Listing Requirements of Bursa Securities;

   ii) He possesses vast commercial experience and knowledge that complements the Company's board composition, and continue to provide valuable insights and contributions to the Board;

   iii) He participates in board discussions and provides an independent voice and objective perspective to the rest of the Board.

   The above Ordinary Resolution 6 if passed, will enable the above director to continue to serve as Independent Non-Executive Director 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 7, 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-Ninth Annual General Meeting held on 18th March, 2015 and which will lapse at the conclusion of the Fortieth Annual General Meeting to be held on 29th March, 2016.

   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).

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. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

3. 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.

4. 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.

5. 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.

6. Only Depositors whose names appear in the General Meeting Record of Depositors as at 22nd March 2016 be regarded as Members and shall be entitled to attend, speak and vote at the Fortieth Annual General 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 Fortieth Annual General Meeting of the Company.

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HUBLine

HUBLINE BERHAD

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

Number of shares held	

FORM OF PROXY
(PLEASE FILL IN BLOCK LETTERS)

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

of ....
(FULL ADDRESS)

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

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

of .... or failing
(FULL ADDRESS)
him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at Dewan Perpaduan II, 1st Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg 93000 Kuching, Sarawak, on Tuesday, 29th March 2016 at 11:00 a.m. or at any adjournment thereof in the manner indicated below:

No.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Mr Lai Lian Yee who shall retire in accordance with Article 70 of the Company's Articles of Association as a Director of the Company.		
2.	To re-elect Mr Dennis Ling Li Kuang who shall retire in accordance with Article 71 of the Company's Articles of Association as a Director of the Company.		
3.	To re-elect Ms Katrina Ling Shiek Ngee who shall retire in accordance with Article 71 of the Company's Articles of Association as a Director of the Company.		
4.	To approve Directors' fees amounting to RM240,000 for the financial year ending 30 September 2016.		
5.	To re-appoint Messrs Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
6.	Continuation in office as Independent Non-Executive Director - Tuan Haji Ibrahim Bin Haji Baki.		
7.	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.....................2016

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

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. *Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
3. *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.*
4. *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.*
5. *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.*
6. *Only Depositors whose names appear in the General Meeting Record of Depositors as at 22nd March 2016 be regarded as Members and shall be entitled to attend, speak and vote at the Fortieth Annual General Meeting.*

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AFFIX
STAMP

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

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HUBLINE BERHAD (23568-H)

WISMA HUBLINE, Lease No.3815 (Lot 10914), Section 64, KTLD
Jln Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak, Malaysia.

Tel 082 33 5393 **Fax** 082 33 7393 **E-Mail** investor.relations@hubline.com

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