

# HUBLine

HUBLINE BERHAD (23568-H)

## Annual Report 2016





# HU~~B~~Line

## HUBLINE BERHAD

(23568-H)

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# CORPORATE INFORMATION

## **BOARD OF DIRECTORS**

**Dato Richard Wee Liang Huat @**  
**Richard Wee Liang Chiat**  
Chairman / Independent Non-Executive Director

**Dennis Ling Li Kuang**  
Chief Executive Officer / Managing Director

**Katrina Ling Shiek Ngee**  
Executive Director

**Tuan Haji Ibrahim Bin Haji Bakri**  
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 Bakri**

*Members*  
**Lai Lian Yee**  
**Jem Magnaye**

## **REMUNERATION COMMITTEE**

*Chairman*  
**Tuan Haji Ibrahim Bin Haji Bakri**

*Members*  
**Lai Lian Yee**  
**Katrina Ling Shiek Ngee**

## **NOMINATION COMMITTEE**

*Chairman*  
**Tuan Haji Ibrahim Bin Haji Bakri**

*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 : +6082-337393

## **REGISTRAR 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**

The Company is a public listed company, incorporated and domiciled in Malaysia and listed on the Main Market 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**

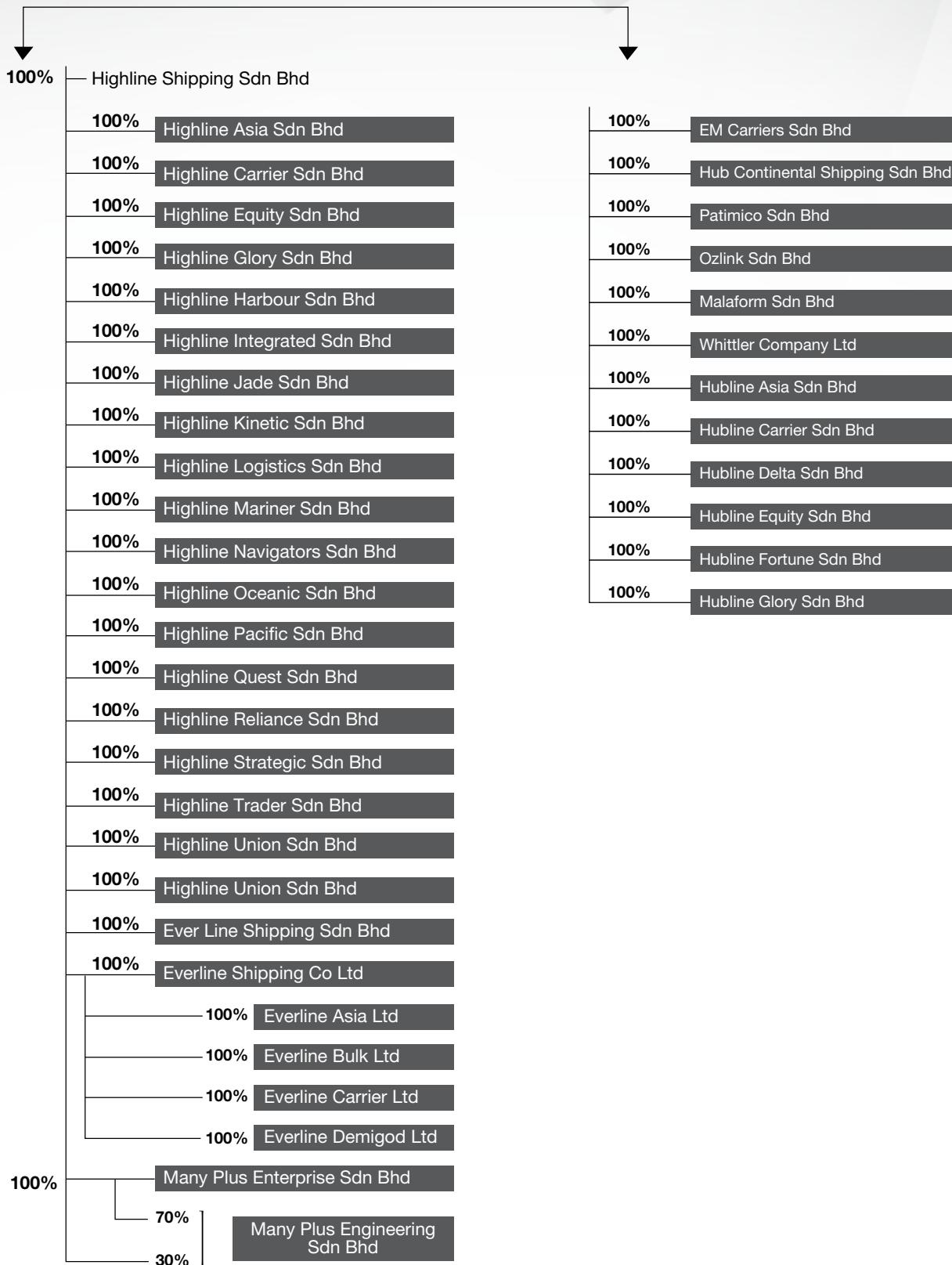
[www.hubline.com](http://www.hubline.com)

## **INVESTOR RELATIONS**

E-mail: [investor.relations@hubline.com](mailto:investor.relations@hubline.com)

# CORPORATE STRUCTURE

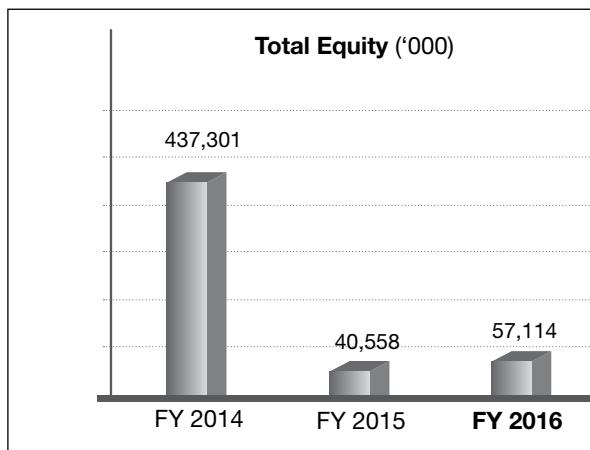
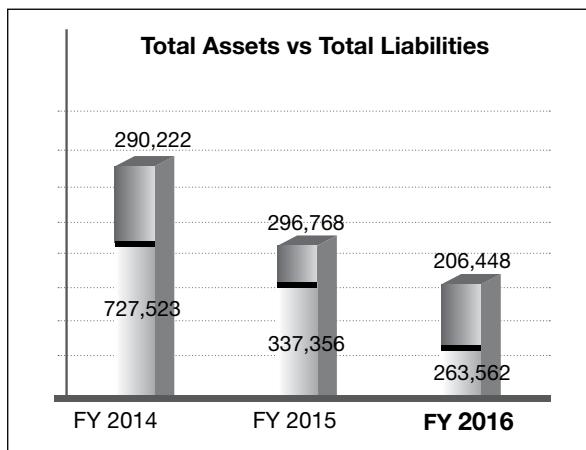
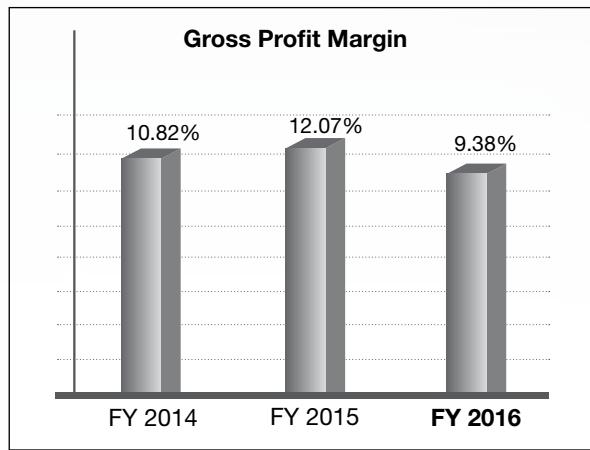
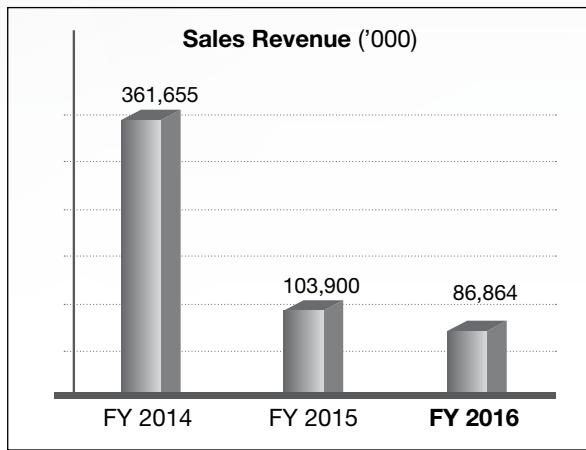
**HUBLine**  
**HUBLINE BERHAD** (23568-H)



## THREE-YEAR FINANCIAL HIGHLIGHTS

(Presented in Ringgit Malaysia)

	YEAR 2014	YEAR 2015	YEAR 2016
Profit/(Loss) After Tax	3,261,346	(376,753,384)	(91,070,280)
Gearing Ratio	37.5%	87.3%	75.8%
Net Assets	437,301,033	40,588,365	57,114,227



- Total Assets ('000)
- Total Liabilities ('000)

## CHAIRMAN'S STATEMENT

**On behalf of the Board of Directors (“the Board”), I am pleased to present to you the annual report of Hubline Berhad (“the Group”) for the financial year ended 30 September 2016.**

### ABOUT HUBLINE BERHAD

Since our Group announced our intention to exit from the container shipping business on 18 February 2015, we have been focusing on our dry bulk shipping business.

The Group has been in the dry bulk shipping business since the year 2007 and provides barge logistics services of between 8,000 metric tonnes to 10,000 metric tonnes of dry bulk cargo per shipment.

Currently, the Group operates a fleet of twenty-three (23) sets of tugs and barges that are being used to provide barge logistics services throughout the South East Asian region.

### SIGNIFICANT CORPORATE DEVELOPMENT

During the year 2016, management and the Board worked hard to wind down the container shipping division. I am pleased to announce that by 31 December 2016, the Group has completely exited from container shipping and are now totally focused on our dry bulk shipping division.

The renounceable rights issue and private placement which the Group commenced in 2015 was fully subscribed and completed on 19 December 2015 and 24 August 2016 respectively. The funds raised totaling RM 93,992,889 were utilised to pay down borrowings, repay creditors and for working capital purposes.

To further strengthen the Group's capital and financial position, the Board has announced on 18 July 2016 to undertake the following:

- (i) Reduction of issued and paid up capital of Hubline Berhad pursuant to the Act involving the cancellation of RM 0.005 of the par value of each existing ordinary share of RM 0.01 in Hubline Berhad;
- (ii) Consolidation of all Hubline shares upon completion of the proposed par value reduction on the basis of 20 ordinary shares of RM 0.005 each in Hubline Berhad into one ordinary share of RM 0.10 each in Hubline Berhad;

- (iii) Amendment to the Memorandum of Association of Hubline Berhad to facilitate the proposed par value reduction and proposed share consolidation;
- (iv) Amendment to the terms of Warrants A Deed Poll and Warrants B Deed Poll;
- (v) Issuing of redeemable convertible notes (“RCN”) with an aggregate principal amount of up to RM 80.0 million.

The proceeds from the RCN will be used as partial repayments of outstanding borrowings, as well as to part finance the acquisition of two new barges which will add to the Group's current dry bulk fleet. A small portion of the proceeds will be saved for the payment of expenses relating to this fund raising exercise.

### FINANCIAL RESULTS

For the financial year under review, the Group recorded RM86,864,393 (FY2015: RM103,899,571) in revenue.

The Group recorded a net loss of RM91,070,280 (FY2015: net loss of RM376,753,384) for the financial year ended 30 September 2016. This included RM89,661,357 (FY2015: RM405,386,967) in losses associated with the discontinued container shipping business.

For the 2016 financial year, the Group's dry bulk shipping division did experience downward pressures in freight rates. Notwithstanding this, the results for the dry bulk operations in 2016 were satisfactory.

### FUTURE PROSPECTS

In this region, short term persistent concerns over various regional monetary and fiscal policies have dampened consumers and investors' sentiment and created significant headwinds for many businesses.

For us, while we experienced freight rates pressure in 2016, there are signs that freight rates have bottomed out and I am optimistic on the performance in the coming year.

Competition remains relatively keen. However with our marketing and strong customer service, I am confident that the Group will further cement long-standing relationship with clients.

I believe that the Group has the necessary expertise and experience to drive the business forward in the midst of short term economic headwinds and to maintain and grow barge logistics market share over the long term.

## *Chairman's Statement (cont'd)*

Furthermore, I believe that many of the Group's business initiatives which were implemented over the last twelve months will result in new business partnerships being forged going forward.

Given the success of the Board's major initiatives, I believe that the Group is well placed to identify more strategic opportunities and further cement itself as one of the leading barge logistics players within the niche trade sector of the South East Asian region.

### **DIVIDEND**

The Board has taken a conservative approach to management of the Group's cash reserves and has taken into consideration current strong economic headwinds and the Group's operational requirements. As such, the Board has decided that no dividend will be declared for the financial year ended 30 September 2016.

### **APPRECIATION**

On behalf of the Board, I acknowledge and thank the dedicated employees of the Group for their immense contribution throughout the year.

To all of our valued customers, shareholders, financiers and government agencies, I would like to express my appreciation for their continued advice, support and confidence in the Group.

To my fellow board members, I would like to express my appreciation for your guidance and support to drive the business forward and to achieve the strategies that we have deliberated for the Group.

**Dato Richard Wee Liang Huat**  
**@ Richard Wee Liang Chiat**  
*Chairman*

## Management Discussion & Analysis

### OPERATIONAL REVIEW

The South East Asian regional economic conditions have remained testing throughout the year and these conditions have affected many industries, including the shipping industry in general.

Despite various economic headwinds within the South East Asian region, we continue to invest our resources into this geographical region because we see potential growth over the longer term.

Moreover, the economic headwinds may have actually created several business and investment opportunities which may yield tangible results for us in the longer term.

The longer term outlook for the dry bulk shipping sector within the South East Asian region remains promising and the prospect of growing our business remains good.

Our barge logistics business has worked very hard throughout the year to service our existing client base which resulted in profitability which met our expectation.

Although the freight rates experienced downward pressure in 2016, our market share of the niche barge logistics sector within the South East Asian region remained relatively respectable.

Several marketing and promotional strategies have been undertaken throughout the year to expand on our existing client base. We are pleased to report to you that we have been relatively successful in that regard and additional clients have been added to our existing portfolio.

We will continue to focus our resources into additional marketing and promotional campaigns to build up a larger corporate presence and market share in Cambodia, Indonesia, Philippines, Thailand, Vietnam and, of course, Malaysia.

Furthermore, we will continue to serve our existing client base to the best of our abilities with the hope of elevating our business partnerships for the longer term.

To grow our business, we will continue to capitalise on our in-depth understanding of our barge logistics trading routes within the South East Asian region and cement fresh affiliations with new clients.

Moreover, we will continue to improve on our operational efficiencies by optimising our routing and scheduling of bulk cargo to achieve higher level of vessels utilisation rates and thus maximising profitability.

### FINANCIAL REVIEW

The continued weakness in the South East Asian regions had a profound negative effect on top line revenue of the Group during the financial year under review.

The Group's revenue reduced by approximately 16% to RM86,864,393 (FY2015: RM103,899,571) mainly due to subdued fall in freight rates.

The subdued demand for barge logistics services were mainly driven by lower demand for coal and other bulk resources within the South East Asian region. Furthermore, fierce competition among barge logistics service providers had also contributed to lower freight rates in some of our trading routes within the South East Asian regions.

Nevertheless, there are signs that the freight rates have bottomed out and is edging upwards.

Total bank borrowings were reduced by approximately 16% to RM149,983,916 (FY2015: RM179,063,900), resulting in a much stronger financial position for the Group.

The reduction in bank borrowings was mainly attributable to part of the proceeds from the Rights Issue and private placements being utilised for repayment of bank borrowings. With the issue of the RCN in the coming years, bank borrowings are expected to reduce further.

## BOARD OF DIRECTORS

### **Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat** *Chairman / Independent Non-Executive Director*

Malaysian, aged 58, was appointed to the Board on 27 September 1985. He obtained a Diploma in Management Development from the 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 boards of many private limited companies.

### **Mr. Dennis Ling Li Kuang** *Chief Executive Officer / Managing Director*

Malaysian, aged 64, was appointed to the Board on 13 February 2001. He is a Chartered Accountant by profession. He graduated with a Bachelor of Commerce from 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 Group. He also sits on the boards of many private limited companies.

At Hubline, he is responsible for developing and implementing corporate strategies and making recommendations to the Board of Directors on significant corporate strategic initiatives.

He keeps the Board of Directors and market fully informed about material continuous disclosures. He is responsible for maintaining effective risk management and compliance management frameworks. He actively manages relationships with key stakeholders of the Group.

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 / Chief Financial Officer*

Malaysian, aged 38, a Chartered Accountant, was appointed to the Board on 13 February 2001.

She graduated with a Bachelor of Commerce (Accounting & Finance) from Monash University in Melbourne, Australia. Furthermore, she completed a

Graduate Diploma of Chartered Accounting from the Institute of Chartered Accountants in Australia as well as a Graduate Certificate of Financial Planning from the Financial Services Institute of Australasia.

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 an investment conglomerate in Australia and accumulated vast experiences in the area of tax, accounting, finance, funds management, properties, estate planning and wealth preservation.

At Hubline, she presides over the accounting team, the treasury team and oversees the general office administration of the Group. She is responsible for all financial reporting requirements. She oversees debt and equity market transactions, as well as risk management and compliance management frameworks.

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 58, 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.

### **Mr. Lai Lian Yee** *Independent Non-Executive Director*

Malaysian, aged 67, 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 University of North London, United Kingdom.

*Board of Directors (contd')*

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 34, a Chartered Accountant, was appointed to the Board on 28 November 2013.

She graduated with a Bachelor of Business (Accounting) from Victoria University in Melbourne, Australia. Furthermore, she completed a Graduate Diploma of Chartered Accounting from the Institute of Chartered Accountants in Australia. Currently, she is a member of the Institute of Chartered Accountants in Australia.

Prior to joining the Group, 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 also a 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 have any conflict of interests with the Company and none of the Directors have any convictions for offences within the past ten 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 30 for shareholdings of the directors in Hubline Berhad.*
- d) *None of the Directors hold directorships in other public companies.*



## Key Management Personnel Disclosures

Key management personnel (“KMP”) comprises of Mr. Dennis Ling (Chief Executive Officer) and Ms. Katrina Ling (Executive Director) of Hubline Berhad as well as Senior Executives. For CEO and Executive Director’s profiles, please refer to pages 8 to 9.

The term “Senior Executive” here refers to an executive with significant authority and responsibility for planning, directing and controlling the business activities of the Group either directly or indirectly.

Other KMP include:

### **Bernard Ling**

Managing Director – Dry Bulk Shipping Division  
33, Malaysian

Mr. Ling was appointed to his current position on 29 June 2010. He works with a team of managers and is responsible for sales and marketing, business development, freight logistics planning and execution, management of contractors, vessels management including initiating ship building projects, safety compliance, and human resources management.

He is a Chartered Accountant by profession who graduated with a Bachelor of Commerce and a Bachelor of Business Systems from Monash University, Melbourne, Australia.

He is an associate member of the Institute of Chartered Accountants of Australia.

Prior to taking the helm at Highline Shipping, he worked with a large public accounting and corporate advisory firm in Australia.

He does not hold any directorship in public companies or listed issuers.

He is the son of Mr. Dennis Ling Li Kuang, the brother of Ms. Katrina Ling Shiek Ngee and the husband of Ms. Jem Magnaye.

### **Lai Tze Kiong**

Marketing and Operations Manager  
38, Malaysian

Mr. Lai is responsible for the daily operations and routes planning of the entire fleet of tugs and barges as well as marketing initiatives and clientele management.

He joined a Norwegian family-controlled shipping company as a clerk in 1997 before joining Hubline Group in 2011.

## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Hubline Berhad (“the Company”/“the 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”).

The Code serves as a fundamental guide to the Board in discharging its duty to act in the best interest of the Group while enhancing long-term shareholders’ value.

The Board wishes to share the following statement on the extent to which principles and best practices of the Code were applied during the financial year ended 30 September 2016.

### PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board is responsible for the strategic direction of the Group with the ultimate objective of enhancing long-term shareholders’ return whilst taking into account long-term interests of stakeholders.

The Board assumes the following specific responsibilities to facilitate the discharge of the Board’s stewardship responsibilities:

- To review and adopt strategic and business plans for the Company;
- To oversee the conduct of the Company’s business and to evaluate whether the business is being properly managed;
- To ensure sustainability of long-term return for the Company’s shareholders;
- To raise or restructure equity or debt capital of the Company;
- To facilitate new investments, divestments, joint ventures and any other corporate exercise that requires approval of shareholders;
- To review and approve quarterly financial results and annual financial statements;
- To identify key risks which affect the Company and to ensure that the implementation of appropriate arrangements to manage these risks; and
- To review the adequacy and integrity of the Company’s enterprise-wide risk management and internal control systems for compliance with applicable rules and regulations.

The roles and responsibilities of the Board members are governed by the Board Charter. The Board Charter is reviewed from time to time and amended where necessary. The Board Charter was last reviewed on 28 September 2016. A copy of the Board Charter is accessible via the Company’s website at [www.hubline.com](http://www.hubline.com).

The Chief Executive Officer (“CEO”) is fully accountable to the Board for the exercise of his assigned authority and, with the support of the Company’s senior management, must report to the Board on the exercise of that authority.

The daily management and operation of the Group are the key responsibilities of the CEO who reports to the Board on major management and operational issues.

To enable the Board to make informed decisions, the Board has full access to information pertaining to the Group’s business and affairs. Furthermore, the Board has access to the advice and services of the Company Secretary, as well as independent professional advice, if necessary, on matters relating to the fulfillment of the Board’s roles and responsibilities. The cost of procuring these professional services will be borne by the Company.

## *Statement on Corporate Governance (cont'd)*

The Company Secretary is a qualified secretary as required pursuant to the Companies Act, 1965. She is licensed by the Registrar of Companies Commission of Malaysia pursuant to Section 139A(b) of the Companies Act, 1965. She supports and advises the Board and its Committees. She ensures adherence and compliance to the Board policies and procedures as well as regulatory requirements. She keeps the Board updated on developments in respect of regulations and corporate governance. She ensures that meetings are properly convened and proceedings of meetings are accurately minuted, and that minutes and statutory records are properly kept and updated.

The Company Secretary also serves notice to the Board to notify them of closed periods for trading in the Company's shares and timely communication of decisions made and in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the Bursa Malaysia Main Market Listing Requirements.

### **PRINCIPLE 2: STRENGTHEN COMPOSITION**

The Executive Directors are responsible for providing leadership and overseeing day-to-day operations and management within their assigned responsibilities.

The Non-Executive Directors are independent from day-to-day management and operations of the Group. Their role is to objectively examine the performance of Management with respect to the Group's business objectives and strategies.

To facilitate the Directors' access to independent advice, the Directors, the Board and Board Committees are entitled to seek independent legal or other professional advice, as considered necessary, at the Company's expense. If appropriate, advice may be made available to all Directors.

The status of the Directors' directorship of the Company is as follows:

<b>Name of Directors</b>	<b>Status</b>
Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat	Independent Non-Executive Chairman
Dennis Ling Li Kuang	Non-Independent Executive Director
Katrina Ling Shiek Ngee	Non-Independent Executive Director
Jem Magnaye	Non-Independent Non-Executive Director
Tuan Haji Ibrahim Bin Haji Baki	Independent Non-Executive Director
Lai Lian Yee	Independent Non-Executive Director

The Company complies with Bursa Malaysia Main Market Listing Requirements with regards to Board's composition and the required ratio of Independent Directors.

The Board is supportive of the gender boardroom diversity. The Board has demonstrated gender diversity as women directors represent one-third (1/3) of the Company's Board of Directors. On the 25 August 2016, the Company received a Certificate of Appreciation from the Ministry of Women, Family and Community Development for achieving the target of at least 30 percent women on board in Public Listed Companies.

To further strengthen business and operational efficiencies, the Board delegates certain roles and responsibilities to three (3) Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

#### **Audit Committee**

The Company's Audit Committee comprises of two (2) members who are independent and one (1) member who is non-independent.

The Terms of Reference of the Audit Committee are set out under the Audit Committee Report on pages 19 to 22 of this Annual Report as well as the Company's website at [www.hubline.com](http://www.hubline.com).

During the financial year under review, the Audit Committee met five (5) times.

*Statement on Corporate Governance (cont'd)*

**Nomination Committee**

The Company's Nomination Committee comprises of two (2) members who are independent and one (1) member who is non-independent.

The Chairman of the Nomination Committee is responsible for the process for evaluating the performance of directors.

The Terms of Reference of the Nomination Committee are accessible via the Company's website at [www.hubline.com](http://www.hubline.com).

The Nomination Committee met once during the financial year under review.

**Remuneration Committee**

The Company's Remuneration Committee comprises of two (2) members who are independent and one (1) member who is non-independent.

The objective of the Remuneration Committee is to review and recommend to the Board competitive compensation and remuneration packages for executive and non-executive directors in order to attract and retain exceptional individuals with the experience and skills required to support the Group's profitability, performance and strategies.

Details of the nature and amount of each major type of the remuneration of the Group Directors during the financial year under review:

Type of Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	84,000	160,500	244,500
Salaries and other emoluments	1,299,084	162,520	1,461,604
<b>Total</b>	<b>1,383,084</b>	<b>323,020</b>	<b>1,706,104</b>

The number of Directors whose remuneration fell within the respective bands is as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
Less than RM50,000	–	3
RM100,001 to RM150,000	–	1
RM250,001 to RM300,000	1	–
RM850,001 to RM900,000	1	–

Note: Successive bands of RM50,000 are not shown entirely as they are not being represented.

**PRINCIPLE 3: REINFORCE INDEPENDENCE**

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 running the Board and ensuring that all Board members receive sufficient and relevant information to enable them to participate in Board decisions.

The Managing Director, who is also the CEO, is in charge of the day-to-day business matters related to management and operations of the Group.

## *Statement on Corporate Governance (cont'd)*

The Board is currently composed of six (6) members, made up of two (2) Executive Directors, one (1) Non-Executive Director and three (3) Independent Non-Executive Directors.

The role of the three Independent Non-Executive Directors is important as they provide unbiased views and advice to the rest of the Board.

The Directors are drawn from various commercial and professional backgrounds, bringing diversity and depth in skills and experience to the Group's business matters.

In accordance to the Articles of Association of the Company, at least one-third (1/3) of the Board is required to retire at every Annual General Meeting and be subject to re-election by the shareholders. All of the 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 ("AGM") 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 be retained as an Independent Director after the Board obtains the shareholders' approval in the next AGM. Otherwise, the Director may continue to serve in the Board as a Non-Independent Director.

### **PRINCIPLE 4: FOSTERING COMMITMENT**

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

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.

Details of the Directors attendance of the Board meetings during the financial year under review are as follows:

<b>Name of Directors</b>	<b>No. of meetings attended</b>
Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat	6/6
Dennis Ling Li Kuang	6/6
Katrina Ling Shiek Ngee	6/6
Tuan Haji Ibrahim Bin Haji Baki	6/6
Lai Lian Yee	6/6
Jem Magnaye	6/6

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

The Board considers that the development of industry and Group knowledge is a continuous and ongoing process. Therefore, all Directors are encouraged to keep abreast of changes in law and regulations, corporate governance matters and business industry.

## *Statement on Corporate Governance (cont'd)*

During the financial year under review, the Directors attended at least one of the following courses or seminars:

- Bursa Malaysia Technical Briefing on Computation of Percentage Ratios for Company Secretaries of Listed Issuers;
- Bursa Malaysia Enhanced Understanding of Risk and Internal Control;
- 2016 Tax & Budget Outlook;
- Malaysian Institute of Accountants (“MIA”) Proposed Companies Act 2015;
- Suruhanjaya Syarikat Malaysia (“SSM”) Awareness of New Companies Bill 2015; and
- Suruhanjaya Syarikat Malaysia (“SSM”) Revamping the Companies Act.

### **PRINCIPLE 5: UPHOLDING INTEGRITY IN FINANCIAL REPORTING**

The Board intends to provide a balance and meaningful assessment of the Group's financial performance and prospects via quarterly announcements of results to shareholders, annual financial statements and the Chairman's Statement in the Annual Report.

The Board, assisted by the Audit Committee, supervises the financial reporting process and the quality of the Group's compliance with the accounting standards and regulatory requirements.

The Board, assisted by the Audit Committee, has conducted an annual assessment on the External Auditors to ensure that the External Auditors continue to be independent and appropriate to be appointed as External Auditors.

The Board is responsible for ensuring that the annual audited financial statements of the Company and the Group are in compliance with the provisions of the Companies Act, 1965, the Malaysian Financial Reporting Standards (“MFRS”) being issued by the Malaysian Accounting Standard Board, the Listing Requirements of Bursa Malaysia Securities Berhad and other relevant laws and regulations.

The Board is responsible for ensuring that accurate and ample accounting records are kept.

The Board has a general responsibility for taking reasonable actions to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

### **PRINCIPLE 6: RECOGNISING AND MANAGE RISK**

The Board has overall responsibility for maintaining a framework of internal control and risk management for identifying, measuring and monitoring risk exposure and risk management strategies.

The Statement on Risk Management and Internal Control being furnished on pages 23 to 25 of this Annual Report provides a summary of the internal control within the Group during the financial year under review.

The adequacy and effectiveness of internal controls were reviewed by the Audit Committee in relation to the internal audits being conducted by the Internal Audit Department (“IAD”) during the financial year under review.

## *Statement on Corporate Governance (cont'd)*

### **PRINCIPLE 7: ENSURING TIMELY AND HIGH QUALITY DISCLOSURES**

The Board is aware that a key element of good corporate governance is the effective communication and dissemination of relevant information which is readily accessible by the Company's shareholders and various stakeholders.

The Company uses its own website at [www.hubline.com](http://www.hubline.com) and Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) to effectively disseminate timely information to all shareholders and various stakeholders.

### **PRINCIPLE 8: STRENGTHENING RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS**

Quarterly and full financial year results, as well as various announcements are being made available at the Company's website at [www.hubline.com](http://www.hubline.com) and Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

Another main avenue of communication between the Company and its shareholders is the Company's Annual General Meeting ("AGM"), which provides a useful forum for shareholders to engage directly with the Directors.

The annual report is also a major avenue of communication between the Company and its shareholders and stakeholders. The annual report communicates financial and non-financial information about the Company.

To further enhance the relationship between the Company and its shareholders, a dedicated investor relations e-mail contact has also been made available at [investor.relations@hubline.com](mailto:investor.relations@hubline.com).

## Other Compliance Information

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following information is provided:

### **a) Utilisation of Proceeds**

During the financial year under review, the Company embarked on the following significant corporate activities:

- I. Proposed share capital reduction of Hubline Berhad (“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 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 of RM0.01 each held in Hubline (“Hubline Share(s)”) after the Proposed Par Value Reduction, together with up to 1,620,567,047 free detachable new warrants (“Warrants(s) B”), on the basis of one (1) Warrant B for every four (4) Rights Shares subscribed, on an entitlement date to be determined later (“Proposed Rights Issue”);
- III. Proposed private placement of up to 2,917,020,684 new Hubline shares (“Placement Share(s”), representing up to approximately 30.0% 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 and private placement were used to partially repay borrowings as well as for working capital purposes.

### **b) Share Buy Back**

During the financial year under review, the Company did not purchase any of its issued ordinary shares to retain as treasury shares.

To date, the total number of shares bought back by the Company and retained as treasury shares is 13,596,600. Such treasury shares are held at a carrying amount of RM4,192,396. None of the treasury shares held were resold or cancelled during the financial year under review.

### **c) Options, Warrants or Convertible Securities**

During the financial year under review, as part of the rights issue and private placement undertaken by the Company, an additional 3,079,077,389 Warrants B were issued.

Neither holders of Warrants A nor holders of Warrants B exercised their holdings during the financial year under review.

### **d) Depository Receipt Program**

During the financial year under review, the Group did not sponsor any American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”) program.

### **e) Imposition of Sanctions and/or Penalties**

During the financial year under review, there were no sanctions and/or penalties being imposed on the Group or the Directors by the relevant regulatory authorities.

## *Other Compliance Information (cont'd)*

### **f) Non-Audit Fees**

As part of the Group's recent Corporate Proposals, the Group has incurred non-audit fees of RM58,808.

### **g) Variation in Results**

There was no material variance of 10% or more between the results for the audited financial statements for the financial year under review and the unaudited results as previously announced.

### **h) Profit Guarantees**

No profit guarantee was given by the Group in respect of the financial year under review.

### **i) Material Contracts**

There was no material contract entered into by the Group which involved the interest of the Directors and/or major shareholders and/or related parties as at the end of the financial year under review.

### **j) Related Party Transactions ("RPT")**

The details of RPT for the financial year under review are disclosed in Note thirty five (35) of the financial statements. The transactions are in the ordinary course of business.

### **k) Sustainability & Corporate Social Responsibility**

The Group recognises the importance of sustainability and 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 Group continues to seek for ways to improve safety and fairness in the workplace while maximising 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 under review, the Group has made donations to the Sarawak Society of the Disabled.

# AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of Hubline Berhad (“the Company”) is pleased to present the Audit Committee Report for the financial year ended 30 September 2016.

## TERMS OF REFERENCE

The Terms of Reference of the Audit Committee (“the Committee”) have been published on the Company’s website at [www.hubline.com](http://www.hubline.com).

The Committee’s written Terms of Reference deal with its authority and duties, among other things.

## 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 (3) 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 shall be:

- A member of the Malaysian Institute of Accountants ('MIA'); or
- If he or she is not a member of MIA, he or she must have at least three (3) years working experience and:
  - He or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - He or she must be a member of one of the associations of accountants as specified by Part II of the 1st Schedule of the Accountants Act 1967; or
  - He or she must be a person who fulfills such other requirements as maybe prescribed by or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”) and/or such other relevant authorities from time to time.

## MEMBERS

**Haji Ibrahim Bin Haji Bakri**  
*Independent Non-Executive Director (Chairman)*

**Lai Lian Yee**  
*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*

## *Audit Committee Report (cont'd)*

### **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, the 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 the Committee members and to other members of the Board of Directors, and also for following up on 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 direct communication channels 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 legal advisers or professional consultants 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 the External Auditors, including review of the quality of service provided by the External Auditors, in terms of the efficiency and effectiveness of their services, 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.

*Audit Committee Report (cont'd)*

- (d) Discuss the outcome of the internal and external audits, including issues and any other matters which the auditors wish to discuss.
- (e) Review the auditor's management letter and management's response.
- (f) Review the audit report and consider any major findings arising from internal investigations and management's response in relation to these findings.
- (g) Review any related party transactions and any 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 the necessary authority to carry out its work.
- (j) Review the internal audit programme, results of the internal audit process, and the action being 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 being made on the systems of internal controls with the Internal and External Auditors.
- (o) Review the assistance being 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 2016, 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 Statement on Risk Management and Internal Control and Audit Committee Report for disclosure into the annual report.

## *Audit Committee Report (cont'd)*

### **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 under review involved:

- a. Conducted a thorough evaluation of business processes and inherent risks attached;
- b. Performed audit works to identify control inadequacies and areas for improvement and recommend viable solutions and alternatives; and
- c. Assessed 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 were submitted to the Audit Committee for review and deliberation.

The total cost incurred in relation to the internal audit function in respect of the financial year ended 30 September 2016 was approximately RM150,000.

## 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 2016.

### 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 must ensure that appropriate control measures are in place in the organisation. 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 industrial 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 the 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 organisational 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 organisation 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 organisation. 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 organisation'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.

## *Statement on Risk Management and Internal Control (cont'd)*

### **INTERNAL AUDIT**

The Internal Audit Department ('IAD'), albeit in-house, is an independent arm of the organisation. It is designed to provide objective assessment and assurance and therefore improve and add value to the organisation 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 future deliberation with the Board.

### **KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM**

#### **Financial Reporting**

It is vital that the financial statement of the Group is prepared in accordance with 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 mandatory audit process being employed by the External Auditors to provide assurance for the release of the financial statements.

#### **Information Technology**

The Group utilises 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 authorised 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 organisation follow policies and procedures to ensure that recruitment and exit of employees are in accordance with industry laws. Suitable candidates are assessed and employed based on appropriate skill and experience matching their prospective roles in the organisation. Induction program and other training procedures are in place to ensure that employees are aware of their duties and responsibilities as well as to familiarise them to the organisational 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 minimise pilferage, fraud leakage of sensitive information. Senior management authorisation is required for all activities involving material purchase and disposal of the Group's assets as well as when dealing with sensitive information.

## *Statement on Risk Management and Internal Control (cont'd)*

Proper exit procedures are also in place to ensure that personnel who are leaving the organisation are able to communicate any issues in the organisation 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 in 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 accountable 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. Authorisation limits and clear reporting lines are 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 minimise the negative impact of such volatility 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 utilisation.

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 as required.

### **CONCLUSION**

The Board recognises 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 2016.

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.

Based on a limited assurance review, the External Auditors have informed the Board that nothing material has come to their attention that has caused them to believe that the Statement on Risk Management and Internal Control is factually inaccurate.

This statement is made in accordance with a resolution of the Board of Directors dated 18 January 2017.



# **HU~~B~~Line**

## **HUBLINE BERHAD**

(23568-H)

## **FINANCIAL STATEMENTS**

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# 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 2016.

## 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 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(91,070,280)	(92,954,896)

## DIVIDENDS

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

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its number of authorised share capital from 5,000,000,000 shares to 100,000,000,000 shares by the creation of 95,000,000,000 new ordinary shares of RM0.01 each;
- (b) the Company issued 6,482,268,188 new ordinary shares of RM0.01 each via a renounceable right issue for a total cash consideration of RM64,822,682 for partial repayment of loans and working capital. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company;
- (c) the Company issued 2,917,020,684 new ordinary shares of RM0.01 each via a private placement to eligible investors for a total cash consideration of RM29,170,207 for partial repayment of loans and working capital. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and
- (d) 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 other than the additional issuance of warrants during the financial year.

## *Directors' Report (cont'd)*

### **WARRANTS**

#### **Warrants A (2009/2019)**

The Warrants A are listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 11 November 2009.

Each Warrant carried the right to subscribe for 1 new ordinary share of RM0.20 each in the Company at any time from 05 November 2009 up to the expiry date on 04 November 2019, at an exercise price of RM0.20 for each new share. Any warrant not exercised by the expiry of the exercise period will lapse and cease to be valid for all purposes. The Warrants A are constituted by a Deed Poll dated 28 September 2009.

During the financial year, the Group had completed the First Capital Restructuring Exercises (Note 39) with issuance and listing of up to 362,802,547 Adjustment Warrants A pursuant to the adjustment made in accordance with the provisions of the Deed Poll 2009. The exercise price of Warrants A was adjusted from RM0.20 to RM0.16 thereafter. Warrants A holders can only exercise the Adjustment Warrants A after the Adjustment Warrants A were listed and quoted on the Main Market of Bursa Securities with the Rights Shares on 29 December 2015.

#### **Warrants B (2015/2020)**

The Warrants B were listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 29 December 2015.

Each Warrant carried the right to subscribe for 1 new ordinary share of RM0.01 each in the Company at any time from 21 December 2015 up to the expiry date on 20 December 2020, at an exercise price of RM0.01 for each new share. Any warrant not exercised by the expiry of the exercise period will lapse and cease to be valid for all purposes. The Warrants B are constituted by a Deed Poll dated 12 November 2015.

All the ordinary shares issued from the exercise of Warrants A and Warrants B shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of new shares arising from the exercise of Warrants A and Warrants B.

### **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 there were no known bad debts 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 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.

*Directors' Report (cont'd)*

### **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 43 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, 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:-

Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat  
Ling Li Kuang  
Ibrahim Bin Baki  
Katrina Ling Shiek Ngee  
Jem Magnaye  
Lai Lian Yee

*Directors' Report (cont'd)*

**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:-

	At RM0.20 Each At 1.10.2015	Number Of Ordinary Shares			At 30.9.2016
		Bought	Sold	< ----- At RM0.01 Each ----- >	
<i>Direct Interest:</i>					
Ling Li Kuang	22,250,000	414,055,990	–	436,305,990	
Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat	300,000	800,600,000	(650,000,000)	150,900,000	
Lai Lian Yee	167,000	–	–	167,000	
Ibrahim Bin Baki	–	10,000	–	10,000	
<i>Deemed interested through their family members in the Company:</i>					
Ling Li Kuang	11,607,716	–	–	11,607,716	
Jem Magnaye	8,723,400	–	–	8,723,400	
Katrina Ling Shiek Ngee	33,857,716	414,055,990	–	447,913,706	
Lai Lian Yee	770,000	–	–	770,000	
<i>Number Of Warrants A</i>					
At 1.10.2015		Adjustments*	Sold	At 30.9.2016	
<i>Direct Warrantholdings:</i>					
Ling Li Kuang	3,099,355	743,845	–	3,843,200	
Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat	40,000	9,600	–	49,600	
<i>Deemed warrantholdings through their family members in the Company:</i>					
Ling Li Kuang	3,620,950	869,028	–	4,489,978	
Katrina Ling Shiek Ngee	6,720,305	1,612,873	–	8,333,178	
Lai Lian Yee	60,000	14,400	–	74,400	
<i>Number Of Warrants B</i>					
At 1.10.2015		Acquired	Sold	At 30.9.2016	
<i>Direct Warrantholdings:</i>					
Ling Li Kuang	–	103,513,997	–	103,513,997	
Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat	–	200,150,000	–	200,150,000	
<i>Deemed warrantholdings through their family members in the Company:</i>					
Katrina Ling Shiek Ngee	–	103,513,997	–	103,513,997	

\* Adjustments made in accordance with the First Capital Restructuring Exercises.

The Company undertook a share capital reduction exercise during the financial year to cancel RM0.19 of its par value of every existing issued and fully paid-up ordinary share of RM0.20 each pursuant to Section 64 of the Act. The share capital reduction was completed on 2 November 2015.

*Directors' Report (cont'd)*

**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 39 to the financial statements.

**SUBSEQUENT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period are disclosed in Note 40 to the financial statements.

**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 18 January 2017.

**Ling Li Kuang**

**Katrina Ling Shiek Ngee**

## STATEMENT BY DIRECTORS

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

We, Ling Li Kuang and Katrina Ling Shiek Ngee, being two of the directors of Hubline Berhad, state that, in the opinion of the directors, the financial statements set out on pages 35 to 106 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 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 44, 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 18 January 2017.

**Ling Li Kuang**

**Katrina Ling Shiek Ngee**

## STATUTORY DECLARATION

*Pursuant to Section 169(16) of the Companies Act 1965*

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 35 to 106 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 18 January 2017

**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 2016 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 2016, and a summary of significant accounting policies and other explanatory information, as set out on pages 35 to 106.

#### *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 2016 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.

*Independent Auditors' Report  
To the Members of Hubline Berhad (cont'd)*

**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 7 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 7 to the financial statements.

**OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 44 on page 107 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: 2538/05/18(J)  
Chartered Accountant

Kuching

18 January 2017

# STATEMENTS OF FINANCIAL POSITION

At 30 September 2016

NOTE	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>ASSETS</b>				
NON-CURRENT ASSETS				
Property, plant and equipment	5	158,530,660	239,881,422	4,946
Intangible assets	6	15,206,740	15,206,740	—
Investment in subsidiaries	7	—	—	148,600,051
Deferred tax assets	8	1,603,887	1,530,403	—
Receivables	9	41,476,167	—	—
		216,817,454	256,618,565	148,604,997
				148,600,122
CURRENT ASSETS				
Inventories	10	5,059,909	5,264,509	—
Trade receivables	11	13,695,085	69,200,701	—
Other receivables, deposits and prepayments	12	2,728,596	1,154,937	139,597
Amount owing by subsidiaries	13	—	—	45,711,718
Fixed deposits with licensed banks	14	3,804,600	454,153	3,804,600
Cash and bank balances		12,318,192	3,929,591	7,374,844
Tax refundable		920,146	733,785	—
		38,526,528	80,737,676	57,030,759
Assets of discontinued operations classified as held for sale	15	8,217,926	—	—
		46,744,454	80,737,676	57,030,759
				43,495,554
<b>TOTAL ASSETS</b>		<b>263,561,908</b>	<b>337,356,241</b>	<b>205,635,756</b>
				<b>192,095,676</b>

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

*Statements of Financial Position  
At 30 September 2016 (cont'd)*

NOTE	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	16	126,540,196	579,276,375	126,540,196
Share premium	16	529,340	2,357,179	529,340
Warrant reserves	16	90,693,255	71,669,843	90,693,255
Treasury shares	16	(4,192,396)	(4,192,396)	(4,192,396)
Capital reserves	16	(58,625,363)	–	(58,625,363)
Foreign currency translation reserves	17	(14,919,640)	(30,350,732)	–
Accumulated losses		(82,911,165)	(578,171,904)	(92,954,896)
<b>TOTAL EQUITY</b>		<b>57,114,227</b>	<b>40,588,365</b>	<b>61,990,136</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	18	86,641,789	104,186,019	80,629,924
Deferred tax liabilities	8	11,202,845	12,446,841	–
Other payables	19	5,190,053	–	5,190,053
		<b>103,034,687</b>	<b>116,632,860</b>	<b>85,819,977</b>
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	18	63,342,127	74,877,881	50,625,416
Trade payables	20	10,709,825	37,756,759	–
Other payables and accruals	19	29,198,841	66,735,224	7,138,420
Amount owing to subsidiaries	13	–	–	39,048
Amount owing to directors	21	79,966	391,986	–
Provision for taxation		82,235	373,166	22,759
		<b>103,412,994</b>	<b>180,135,016</b>	<b>57,825,643</b>
<b>TOTAL LIABILITIES</b>		<b>206,447,681</b>	<b>296,767,876</b>	<b>143,645,620</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>263,561,908</b>	<b>337,356,241</b>	<b>205,635,756</b>
				<b>192,095,676</b>

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 2016*

NOTE	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>CONTINUING OPERATIONS</b>				
REVENUE	22	86,864,393	103,899,571	3,900,000
COST OF SALES		(78,716,175)	(91,357,847)	—
GROSS PROFIT		8,148,218	12,541,724	3,900,000
OTHER INCOME	23	8,760,819	26,928,368	6,403,020
		16,909,037	39,470,092	10,303,020
				149,474,137
ADMINISTRATIVE EXPENSES AND OTHER OPERATING EXPENSES		(11,998,592)	(4,688,603)	(95,865,868)
PROFIT/(LOSS) FROM OPERATIONS		4,910,445	34,781,489	(85,562,848)
FINANCE COSTS	24	(6,434,222)	(5,901,041)	(5,222,295)
(LOSS)/PROFIT BEFORE TAXATION	25	(1,523,777)	28,880,448	(90,785,143)
INCOME TAX EXPENSES	26	114,854	(246,865)	—
(LOSS)/PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		(1,408,923)	28,633,583	(90,785,143)
				(367,666,841)
<b>DISCONTINUED OPERATIONS</b>				
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	27	(89,661,357)	(405,386,967)	(2,169,753)
LOSS AFTER TAXATION		(91,070,280)	(376,753,384)	(92,954,896)
OTHER COMPREHENSIVE INCOME/(EXPENSES)				(367,666,841)
<u>Items that may be reclassified subsequently to profit or loss</u>				
Exchange differences on translation of foreign operations		15,431,092	(19,959,254)	—
				—
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO OWNERS		(75,639,188)	(396,712,638)	(92,954,896)
				(367,666,841)

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 2016 (cont'd)*

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

NOTE	The Group	
	2016 RM	2015 RM
<b>Basic:</b>		
- continuing operations	28	-0.01
- discontinued operations		-0.71
<hr/>		
<b>Diluted</b>		
- continuing operations		N/A
- discontinued operations		N/A
<hr/>		

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

**STATEMENTS OF CHANGES IN EQUITY**  
*For the Financial Year Ended 30 September 2016*

	Non-Distributable				Foreign		Total Equity RM
	Share Capital RM	Share Premium RM	Warrant Reserves RM	Treasury Shares RM	Currency Translation Reserves RM	Accumulated Losses RM	
<b>The Group</b>							
Balance at 1.10.2014	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 expenses for the financial year	–	–	–	–	(19,959,254)	–	(19,959,254)
Total comprehensive expenses for the financial year	–	–	–	–	(19,959,254)	(376,753,384)	(396,712,638)
Balance at 30.9.2015/1.10.2015	579,276,375	2,357,179	71,669,843	(4,192,396)	(30,350,732)	(578,171,904)	40,588,365

*Statements of Changes in Equity  
For the Financial Year Ended 30 September 2016 (cont'd)*

		Non-Distributable						Foreign Currency Translation Reserves			Capital Reserves		Accumulated Losses		Total Equity RM	
	NOTE	Share Capital RM	Share Premium RM	Warrant Reserves RM	Treasury Shares RM				RM			RM		RM		RM
<b>The Group</b>																
Balance at 30.9.2015/1.10.2015		579,276,375	2,357,179	71,669,843	(4,192,396)	(30,350,732)						(578,171,904)				40,588,365
Loss after taxation for the financial year		-	-	-	-	-						(91,070,280)				(91,070,280)
Other comprehensive income for the financial year		-	-	-	-	-						15,431,092				- 15,431,092
Total comprehensive income for the financial year		-	-	-	-	-						15,431,092				(91,070,280) (75,639,188)
Contributions by and distributions to owners of the Company:																
- Effects of par value reduction	16	(546,729,068)	-	-	-	-						(39,601,951)				-
- Issuance arising from right issues and private placement	16	93,992,889	-	19,023,412	-	-						(19,023,412)				- 93,992,889
- Share issue expenses		-	(1,827,839)	-	-	-						-				- (1,827,839)
Total transactions with owners		(452,736,179)	(1,827,839)	19,023,412	-	-						(58,625,363)				92,165,050
Balance at 30.9.2016		126,540,196	529,340	90,663,255	(4,192,396)	(14,919,640)						(58,625,363)				57,114,227

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

*Statements of Changes in Equity  
For the Financial Year Ended 30 September 2016 (cont'd)*

The Company	NOTE	Share Capital			Non-Distributable			Capital Reserves	Accumulated Losses	Total Equity RM
		Share Premium RM	Share Premium RM	Warrant Reserves RM	Treasury Shares RM	RM	RM			
Balance at 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 expenses for the financial year		–	–	–	–			–	(367,666,841)	(367,666,841)
Balance at 30.9.2015/1.10.2015		579,276,375	2,357,179	71,669,843	(4,192,396)			–	(586,331,019)	62,779,982
Loss after taxation representing total comprehensive expenses for the financial year		–	–	–	–			–	(92,954,896)	(92,954,896)
Contributions by and distributions to owners of the Company:										
– Effects of par value reduction	16	(546,729,068)	–	–	–		–	(39,601,951)	586,331,019	–
– Issuance arising from right issues and private placement	16	93,992,889	–	19,023,412	–		–	(19,023,412)	–	93,992,889
– Share issue expenses	–	(1,827,839)	–	–	–		–	–	–	(1,827,839)
Total transactions with owners		(452,736,179)	(1,827,839)	19,023,412	–	(58,625,363)	586,331,019	92,165,050		
Balance at 30.9.2016		126,540,196	529,340	90,693,255	(4,192,396)	(58,625,363)	(92,954,896)	61,990,136		

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 September 2016

NOTE	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>				
(Loss)/Profit before taxation				
From continuing operations	(1,523,777)	28,880,448	(90,785,143)	(367,693,187)
From discontinued operations	(90,086,416)	(391,884,967)	(2,169,753)	–
	(91,610,193)	(363,004,519)	(92,954,896)	(367,693,187)
Adjustments for:-				
Amortisation of intangible assets	–	308,177	–	–
Amount waived by creditors	–	(47,315,649)	–	–
Bad debts written off	–	–	–	21,822
Depreciation of property, plant and equipment	24,992,659	32,601,137	616	401
Dividend income	–	–	(3,900,000)	(122,998,009)
Loss from deregistered subsidiary and subsidiaries under members' voluntary liquidation	29	14,383,082	178,307	–
Loss on disposal of property, plant and equipment		24,272,973	197,311,780	–
Gain on disposal of subsidiaries	30	(1,273,029)	–	(2)
Gain on unrealised foreign exchange		(3,530,185)	(25,432,881)	(3,932,670)
Impairment loss:-				
goodwill and intangible assets	–	69,837,716	–	–
inventories	–	3,455,488	–	–
investment in subsidiaries	–	–	4	220,907,518
property, plant and equipment	19,971,221	34,014,030	–	–
amount owing by subsidiaries	–	–	90,697,881	290,028,963
trade and other receivables	6,010,884	67,527,363	–	–
Interest expenses	9,505,846	12,608,271	7,392,050	4,536,443
Interest income	(549,796)	(14,023)	(2,072,584)	(4,541,481)
Inventories written off	–	3,806,529	–	–
Property, plant and equipment written off	–	631,978	–	–
Operating profit/(loss) before working capital changes	2,173,462	(13,486,296)	(4,769,601)	(1,672,177)
Decrease/(Increase) in inventories	204,600	(130,626)	–	–
(Increase)/Decrease in trade and other receivables	(9,320,683)	43,898,875	(139,597)	–
Net effect of changes in amount owing to subsidiaries	–	–	(103,475,656)	(152,432,179)
(Decrease)/Increase in trade and other payables	(38,316,003)	54,984,866	7,298,169	4,320,507
Decrease in amount owing to directors	(255,086)	(443,756)	–	–

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

*Statements of Cash Flows*  
*For the Financial Year Ended 30 September 2016 (cont'd)*

NOTE	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
CASH (FOR)/FROM OPERATIONS	(45,513,710)	84,823,063	(101,086,685)	(149,783,849)
Interest paid	(9,505,846)	(12,608,271)	(7,392,050)	(4,536,443)
Tax refunded	7,457	1,266,670	—	26,346
Income tax paid	(1,375,661)	(1,583,639)	(749)	—
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>	<b>(56,387,760)</b>	<b>71,897,823</b>	<b>(108,479,484)</b>	<b>(154,293,946)</b>
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>				
Dividend received	—	—	3,900,000	122,998,009
Interest received	549,796	14,023	2,072,584	4,541,481
Purchase of property, plant and equipment	31	(14,222,075)	(14,296,780)	(5,495)
Proceeds from disposal of property, plant and equipment		12,832,914	9,842,264	—
Net cash outflows from deregistered subsidiary and subsidiaries under members' voluntary liquidation	29	(23,540)	—	—
Net proceeds from disposal of subsidiaries	30	27,281	—	2
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>	<b>(835,624)</b>	<b>(4,440,493)</b>	<b>5,967,091</b>	<b>127,539,490</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>				
Net repayment of hire purchase and lease financing	(42,779)	(170,432)	—	—
Net (repayment)/proceeds of other borrowings	(21,234,998)	(12,091,850)	21,621,031	23,389,861
(Increase)/Decrease in cash at bank pledged for borrowings	(6,596,568)	5,675,852	(6,596,568)	3,483,713
Proceeds from issuance of shares	93,992,889	—	93,992,889	—
Share issue expenses	(1,827,839)	—	(1,827,839)	—
<b>NET CASH FROM /(FOR) FINANCING ACTIVITIES</b>	<b>64,290,705</b>	<b>(6,586,430)</b>	<b>107,189,513</b>	<b>26,873,574</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>7,067,321</b>	<b>60,870,900</b>	<b>4,677,120</b>	<b>119,118</b>
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	778,355	(63,583,001)	—	—
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>1,412,473</b>	<b>4,124,574</b>	<b>(362,319)</b>	<b>(481,437)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>32</b>	<b>9,258,149</b>	<b>1,412,473</b>	<b>4,314,801</b>
				<b>(362,319)</b>

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

# Notes to the **Financial Statements**

*For the Financial Year Ended 30 September 2016*

## 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 18 January 2017.

## 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 7. There have been no significant changes in the nature of these activities 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 128 (2011): Investment Entities - Applying the Consolidation Exception

Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants

Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 - 2014 Cycle

*Notes to the Financial Statements (cont'd)***3. BASIS OF PREPARATION (CONT'D)**

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) (Cont'd):-

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Company's financial statements.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (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:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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
MFRS 16 Leases	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

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.

**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:-

**(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.

## Notes to the Financial Statements (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### (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 2016 was RM1,603,887 (2015 - RM1,530,403).

##### (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.

##### (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.

*Notes to the Financial Statements (cont'd)***4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****(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.

*Notes to the Financial Statements (cont'd)*

**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 noncontrolling 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.

*Notes to the Financial Statements (cont'd)***4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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.

**(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.

*Notes to the Financial Statements (cont'd)*

**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.

*Notes to the Financial Statements (cont'd)***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.

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

*Notes to the Financial Statements (cont'd)*

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.4 FINANCIAL INSTRUMENTS (CONT'D)**

**(c) Other Financial Liabilities (Cont'd)**

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.

*Notes to the Financial Statements (cont'd)*

**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 37.

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 liability 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 are 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.

## Notes to the Financial Statements (cont'd)

### 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	3 years to 30 years

Capital work in progress represents assets under construction and which are not ready for commercial use at the end of the reporting period. Capital work in progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

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.

*Notes to the Financial Statements (cont'd)***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.

## Notes to the Financial Statements (cont'd)

### 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.

*Notes to the Financial Statements (cont'd)***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.

## Notes to the Financial Statements (cont'd)

### 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.

*Notes to the Financial Statements (cont'd)*

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**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.

**4.17 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.

## Notes to the Financial Statements (cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 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.

#### 4.20 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 dry bulk shipping 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) 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.

##### (e) Dividend Income

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

*Notes to the Financial Statements (cont'd)*

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**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.

**4.22 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognized in profit or loss. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.10.2015		Disposals RM	Attributable to disposal/winding up/strike off of subsidiaries RM	Classified as assets held for sale RM	Exchange differences RM	Impairment losses RM	Depreciation charges RM	At 30.9.2016 RM
	At RM	Additions RM							
<b>Net book value</b>									
Furniture, fittings and motor vehicles	2,682,149	79,156	(2,252,137)	—	—	(813,731)	(3,906,106)	(186,116)	323,052
Plant and machinery	43,197,260	—	(16,195,613)	(218,179)	—	—	—	(11,103,201)	10,960,430
Vessels and vessel equipment	194,002,013	6,527,784	(20,910,274)	(90,000)	(8,217,926)	(1,911,097)	(16,065,115)	(13,703,342)	139,632,043
Work-in-progress	—	7,615,135	—	—	—	—	—	—	7,615,135
	239,881,422	14,222,075	(37,105,887)	(2,560,316)	(8,217,926)	(2,724,828)	(19,971,221)	(24,992,659)	158,530,660
 <b>At 1.10.2014</b>									
The Group	At RM	Additions RM	Disposals RM	Written off RM	Exchange differences RM	Impairment losses RM	Depreciation charges RM	At 30.9.2015 RM	
<b>Net book value</b>									
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	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	

## Notes to the Financial Statements (cont'd)

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

The Company	At 1.10.2015 RM	Additions RM	Depreciation charge RM	At 30.9.2016 RM
	67			4,946
<b>Net book value</b>				
Furniture and fittings				
The Company	At 1.10.2014 RM	Depreciation charge RM	At 30.9.2015 RM	At 30.9.2015 RM
	468			
<b>Net book value</b>				
Furniture and fittings				
The Group	At cost RM	Accumulated depreciation RM	Accumulated impairment RM	Net book value RM
	67			
<b>30.9.2016</b>				
Furniture, fittings and motor vehicles	1,671,271	(1,348,219)	–	323,052
Plant and machinery	51,099,623	(25,596,004)	(14,543,189)	10,960,430
Vessels and vessel equipment	221,263,284	(80,431,241)	(1,200,000)	139,632,043
Work-in-progress	7,615,135	–	–	7,615,135
	281,649,313	(107,375,464)	(15,743,189)	158,530,660
The Group	At cost RM	Accumulated depreciation RM	Accumulated impairment RM	Net book value RM
	67			
<b>30.9.2015</b>				
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

Notes to the Financial Statements (cont'd)

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

The Company	At cost RM	Accumulated depreciation RM	Net book value RM
<b>30.9.2016</b>			
Furniture and fittings	13,008	(8,062)	4,946

The Company	At cost RM	Accumulated depreciation RM	Net book value RM
<b>30.9.2015</b>			
Furniture and fittings	7,513	(7,446)	67

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

	The Group	
	2016 RM	2015 RM
Furniture, fittings and motor vehicle	66,846	331,096

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

	The Group	
	2016 RM	2015 RM
Vessels and vessel equipment	139,632,043	180,001,640

## Notes to the Financial Statements (cont'd)

## 6. INTANGIBLE ASSETS

The Group	At 1.10.2015 RM	Impairment loss RM	Amortisation charge RM	At 30.9.2016 RM
<b>Net book value</b>				
Goodwill	15,206,740	–	–	15,206,740
<b>Net book value</b>				
The Group	At 1.10.2014 RM	Impairment loss RM	Amortisation charge RM	At 30.9.2015 RM
Goodwill	84,617,272	(69,410,532)	–	15,206,740
Software development costs	735,361	(427,184)	(308,177)	–
	85,352,633	(69,837,716)	(308,177)	15,206,740
The Group	At cost RM	Accumulated impairment RM	Accumulated amortisation RM	Net book value RM
<b>30.9.2016</b>				
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
<b>30.9.2015</b>				
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 carrying amounts of goodwill are allocated to the Group's cash-generating unit (CGU) of shipping business.

The Group has assessed its recoverable amount which is determined using the value in use approach. Cash flows projections are based on 5 years financial budgets approved by management. Cash flows beyond the 5th year are extrapolated to 16 years based on zero growth rate.

The recoverable amount of a CGU is determined based on pre-tax cash flow projections of the shipping operations. 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% (2015 - 0%) per annum with a discount factor of 13% pre tax (2015 - 8.80%). 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.

Notes to the Financial Statements (cont'd)

7. INVESTMENT IN SUBSIDIARIES

	The Company	
	2016 RM	2015 RM
Unquoted shares, at cost		
- in Malaysia	179,593,359	430,200,065
- outside Malaysia	4	7
Less: Accumulated impairment losses	179,593,363	430,200,072
	(30,993,312)	(281,600,017)
	148,600,051	148,600,055

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Country of incorporation	Effective Equity interest		Principal Activities
		2016 %	2015 %	
EM Container Line Sdn. Bhd.#	Malaysia	–	100	Ship owner and charterer, in the process of winding up
EM Line Sdn. Bhd.#	Malaysia	–	100	Ship owner and charterer, in the process of winding up
EM Shipping Sdn. Bhd.*	Malaysia	–	100	Shipping agent, disposed
EM Carriers Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer
Premier Spectrum Sdn. Bhd.#	Malaysia	–	100	Provision of shipping supplies, in the process of winding up
Wonder Link Sdn. Bhd.°	Malaysia	–	100	Dormant, disposed
Whittler Company Ltd.^*	British Virgin Islands	100	100	Provision of marine cargo handling and shipping services and investment holding, dormant
Grand Dragon Overseas Ltd.*	British Virgin Islands	–	100	Vessel chartering and containerised shipping, deregistered
Chatlink Sdn. Bhd.#	Malaysia	–	100	Ship owner and charterer, in the process of winding up
Hub Explorer Sdn. Bhd.#	Malaysia	–	100	Ship owner and charterer, in the process of winding up
Hub Fleet Sdn. Bhd.#	Malaysia	–	100	Ship owner and charterer, in the process of winding up
Hub Continental Shipping Sdn. Bhd.^*	Malaysia	100	100	Ship owner and charterer, dormant

## Notes to the Financial Statements (cont'd)

## 7. 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
		2016 %	2015 %	
Hub Shipping Sdn. Bhd.*	Malaysia	–	100	Provision of marine cargo handling and shipping services, under creditors winding up
Hub Warrior Sdn. Bhd.#	Malaysia	–	100	Ship owner and charterer, in the process of winding up
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
Hubline Logistics Sdn. Bhd.#	Malaysia	–	100	Property holding, in the process of winding up
Hubline Asia Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer
Hubline Carrier Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer
Hubline Delta Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer
Hubline Equity Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer
Hubline Fortune Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer
Hubline Glory Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer
<b>Held through subsidiaries:</b>				
<u>Subsidiary of Wonder Link Sdn. Bhd.</u>				
Hub Marine Pte. Ltd.^*	Singapore	–	100	Shipping agent, disposed
<b>Held through subsidiaries:</b>				
<u>Subsidiaries of Highline Shipping Sdn. Bhd.</u>				
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	Dormant, in the process of winding up

*Notes to the Financial Statements (cont'd)*

**7. INVESTMENT IN SUBSIDIARIES (CONT'D)**

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

<b>Name of Subsidiaries</b>	<b>Country of incorporation</b>	<b>Effective Equity interest</b>		<b>Principal Activities</b>		
		<b>2016 %</b>	<b>2015 %</b>			
<b>Held through subsidiaries:</b>						
<u>Subsidiaries of Highline Shipping Sdn. Bhd. (Cont'd)</u>						
Everline Asia Co. Ltd.+	Labuan, Malaysia	100	100	Shipping		
Everline Bulk Co. Ltd.+	Labuan, Malaysia	100	100	Shipping		
Everline Carrier Co. Ltd.+	Labuan, Malaysia	100	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	Ship owner and charterer, in the process of winding up		
Highline Carrier Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer		
Highline Delta Sdn. Bhd.#	Malaysia	–	100	Ship owner and charterer, in the process of winding up		
Highline Equity Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer		
Highline Fortune Sdn. Bhd.#	Malaysia	–	100	Ship owner and charterer, in the process of winding up		
Highline Glory Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer		
Highline Harbour Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer		
Highline Integrated Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer		
Highline Jade Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer		
Highline Kinetic Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer		
Highline Logistics Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer		
Highline Mariner Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer		
Highline Navigators Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer		
Highline Oceanic Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer		

## Notes to the Financial Statements (cont'd)

## 7. 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		
		2016 %	2015 %			
<b>Held through subsidiaries:</b>						
<u>Subsidiaries of Highline Shipping Sdn. Bhd. (Cont'd)</u>						
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	Ship owner and charterer, in the process of winding up		
<b>Held through subsidiaries:</b>						
<u>Subsidiaries of Everline Shipping Company Ltd.</u>						
Everline Demigod Ltd.+^	Labuan, Malaysia	100	–	Shipping		

- ^ 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 were disposed during the financial year.
- \* These subsidiaries have discontinued their operations in the previous financial year.
- # These subsidiaries are in the process of winding up.
- + These subsidiaries were audited by member firms of Crowe Horwath International of which Crowe Horwath is a member.

The Group had on 24 March 2016 incorporated Everline Demigod Ltd. at a cash consideration of USD 1 which is wholly owned by Everline Shipping Company Ltd.

*Notes to the Financial Statements (cont'd)*

**7. INVESTMENT IN SUBSIDIARIES (CONT'D)**

The Group had on 17 February 2016 announced that Hub Shipping Sdn. Bhd., a wholly owned subsidiary incorporated in Malaysia, was wound up by Court order.

The Group had further on 31 March 2016, 27 June 2016 and 8 July 2016 resolved that the following wholly-owned subsidiaries be wound up or deregistered:

- a) Chatlink Sdn. Bhd.
- b) EM Container Line Sdn. Bhd.
- c) EM Line Sdn. Bhd.
- d) Hub Explorer Sdn. Bhd.
- e) Hub Fleet Sdn. Bhd.
- f) Hub Warrior Sdn. Bhd.
- g) Premier Spectrum Sdn. Bhd.
- h) Highline Bulk Sdn. Bhd.
- i) Highline Delta Sdn. Bhd.
- j) Highline Fortune Sdn. Bhd.
- k) Highline Vision Sdn. Bhd.
- l) Many Plus Maritime Sdn. Bhd.
- m) Hubline Logistics Sdn. Bhd.
- n) Grand Dragon Overseas Ltd

**8. DEFERRED TAX ASSETS/(LIABILITIES)**

	<b>The Group</b>	
	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
At 1 October	(10,916,438)	1,659,293
Recognised in profit or loss	1,317,480	(12,575,731)
<b>At 30 September</b>	<b>(9,598,958)</b>	<b>(10,916,438)</b>
<hr/>		
Presented after appropriate offsetting as follows:		
Deferred tax assets	1,603,887	1,530,403
Deferred tax liabilities	(11,202,845)	(12,446,841)
	<hr/>	<hr/>
	(9,598,958)	(10,916,438)
	<hr/>	<hr/>

*Notes to the Financial Statements (cont'd)***8. 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:**

	<b>Property, plant and equipment</b> <b>RM</b>
At 1 October 2015	(12,446,841)
Recognised in profit or loss	1,243,996
<b>At 30 September 2016</b>	<b>(11,202,845)</b>
At 1 October 2014	(14,485,532)
Recognised in profit or loss	2,038,691
<b>At 30 September 2015</b>	<b>(12,446,841)</b>

**Deferred tax assets of the group:**

	<b>Unrealised foreign exchange</b> <b>RM</b>	<b>Allowance for impairment</b> <b>RM</b>	<b>Unabsorbed capital allowances</b> <b>RM</b>	<b>Total</b> <b>RM</b>
At 1 October 2015	790	–	1,529,613	1,530,403
Recognised in profit or loss	(790)	–	74,274	73,484
<b>At 30 September 2016</b>	<b>–</b>	<b>–</b>	<b>1,603,887</b>	<b>1,603,887</b>
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)
<b>At 30 September 2015</b>	<b>790</b>	<b>–</b>	<b>1,529,613</b>	<b>1,530,403</b>

*Notes to the Financial Statements (cont'd)*

**8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

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

	<b>The Group</b>	
	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
Unused tax losses	8,302,752	22,550,532
Unabsorbed capital allowances	62,735,127	22,647,691
	<b>71,037,879</b>	<b>45,198,223</b>

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.

**9. RECEIVABLES**

	<b>The Group</b>	
	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
<b>Non-Current</b>		
Trade receivable	38,232,007	–
Other receivable	3,244,160	–
	<b>41,476,167</b>	<b>–</b>

The receivables are non-interest bearing and are receivable within the next four years.

**10. INVENTORIES**

	<b>The Group</b>	
	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
At cost:		
Trading stocks	2,744,968	2,536,484
Consumables	2,314,941	2,728,025
	<b>5,059,909</b>	<b>5,264,509</b>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	38,691,330	48,443,355

## Notes to the Financial Statements (cont'd)

## 11. TRADE RECEIVABLES

	<b>The Group</b>	
	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
<b><u>Current</u></b>		
Trade receivables	19,528,698	137,111,029
Less: Allowance for impairment losses	(5,833,613)	(67,910,328)
	<hr/> 13,695,085	<hr/> 69,200,701
<b><u>Non-Current</u></b>		
Trade receivable	38,232,007	-
	<hr/> 51,927,092	<hr/> 69,200,701
Allowance for impairment losses:-		
At 1 October	67,910,328	18,107,955
Addition during the financial year	5,682,513	67,352,479
Exchange differences	-	(17,550,106)
Reversal of impairment losses	(67,759,228)	-
At 30 September	<hr/> 5,833,613	<hr/> 67,910,328

Trade receivables are non-interest bearing and are generally on 30 to 270 days (2015 - 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.

## 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>The Group</b>		<b>The Company</b>	
	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
<b><u>Current</u></b>				
Other receivables	2,900,162	479,566	-	-
Less: Allowance for impairment losses	(503,255)	(174,884)	-	-
	<hr/> 2,396,907	<hr/> 304,682	<hr/> -	<hr/> -
Advances	-	5,821	-	-
Deposits	328,776	425,203	139,597	-
Prepayments	2,913	419,231	-	-
	<hr/> 2,728,596	<hr/> 1,154,937	<hr/> 139,597	<hr/> -

Notes to the Financial Statements (cont'd)

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Non-Current</b>				
Other receivable	3,244,160	–	–	–
	5,972,756	1,154,937	139,597	–
Allowance for impairment losses:-				
At 1 October	174,884	100,992,841	–	–
Addition during the financial year	328,371	174,884	–	–
Exchange differences	–	31,474,453	–	–
Written off during the financial year	–	(132,467,294)	–	–
At 30 September	503,255	174,884	–	–

**13. AMOUNTS OWING BY/(TO) SUBSIDIARIES**

	The Company	
	2016 RM	2015 RM
Amount owing by subsidiaries		
Less: Allowance for impairment losses	97,574,410	157,682,229
	(51,901,740)	(128,720,004)
	45,672,670	28,962,225
Allowance for impairment losses:-		
At 1 October	128,720,004	105,968,913
Addition during the financial year	90,697,881	290,028,963
Written off during the financial year	(167,516,145)	(267,277,872)
At 30 September	51,901,740	128,720,004
Presented after appropriate offsetting as follows:		
Amount owing by subsidiaries	45,711,718	42,585,008
Amount owing to subsidiaries	(39,048)	(13,622,783)
	45,672,670	28,962,225

The amounts due from/(to) subsidiaries of the Company are unsecured and have no fixed terms of repayment. A certain portion of the amounts due from these subsidiaries bore interest of 7.0% (2015 - 6.0%) per annum.

*Notes to the Financial Statements (cont'd)*

**14. FIXED DEPOSITS WITH LICENSED BANKS**

Deposits with licensed banks amounting to nil (2015 - RM268,075) 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% (2015 - 3.5%) per annum. The fixed deposit have maturity periods ranging from 30 to 90 days (2015 - 30 to 90) days for the Group and the Company respectively.

**15. ASSETS OF DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE**

The Group had ceased its container shipping operations and certain vessels was classified as assets held for sale in line with management's intention and plan to recover the value of the asset through a sale transactions rather through continuing use.

The assets of discontinued operations classified as held for sale are as follows:-

	<b>The Group</b> <b>2016</b> <b>RM</b>
<b>Assets</b>	
Vessels and vessels equipment	8,217,926

Assets of discontinued operations classified as held for sale with the carrying amount of RM7,879,000 are pledged as securities for borrowings (Note 18).

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

Number of Ordinary Shares of RM0.01 each		Amount					
Share capital	Treasury shares	Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Warrant reserves RM	Capital reserves RM	Treasury shares RM
30 September 2016	12,654,019,566	(13,596,600)	126,540,196	529,340	127,069,536	90,693,255	(58,625,363)
Number of Ordinary Shares of RM0.20 each		Amount					
Share capital	Treasury shares	Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Warrant reserves RM	Capital reserves RM	Treasury shares RM
30 September 2015	3,254,730,694	(13,596,600)	579,276,375	2,357,179	581,633,554	71,669,843	– (4,192,396)

## Notes to the Financial Statements (cont'd)

## 16. SHARE CAPITAL, SHARE PREMIUM, WARRANT RESERVES, CAPITAL RESERVES AND TREASURY SHARES (CONT'D)

	The Company		2016 RM	2015 RM
	2016	2015		
	Number Of Shares			
<b>Authorised</b>				
Ordinary shares of RM0.20 each				
At 1 October	5,000,000,000	5,000,000,000	1,000,000,000	1,000,000,000
Par value reduction	-	-	(950,000,000)	-
Ordinary shares of RM0.01 each				
Creation during the year	5,000,000,000	5,000,000,000	50,000,000	1,000,000,000
At 30 September	95,000,000,000	-	950,000,000	-
At 30 September	100,000,000,000	5,000,000,000	1,000,000,000	1,000,000,000
<b>Issued and fully paid-up</b>				
Ordinary shares of RM0.20 each				
At 1 October	3,254,730,694	3,254,730,694	579,276,375	579,276,375
Par value reduction	-	-	(546,729,068)	-
Ordinary shares of RM0.01 each				
Issuance of new shares under - Rights issue and Private placement	3,254,730,694	3,254,730,694	32,547,307	579,276,375
At 30 September	9,399,288,872	-	93,992,889	-
At 30 September	12,654,019,566	3,254,730,694	126,540,196	579,276,375

The Company undertook a share capital reduction exercises during the financial year to cancel RM0.19 of its par value of every existing issued and fully paid-up ordinary share of RM0.20 each pursuant to Section 64 of the Act. The share capital reduction was completed on 2 November 2015.

#### 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 reserves arising from the issue of new ordinary shares with free detachable warrants effected on 11 November 2009, 20 May 2013, 19 October 2013 and 21 December 2015.

*Notes to the Financial Statements (cont'd)*

**16. SHARE CAPITAL, SHARE PREMIUM, WARRANT RESERVES, CAPITAL RESERVES AND TREASURY SHARES (CONT'D)**

**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.

**16.4 CAPITAL RESERVES**

The capital reserves arose from the issuance of free warrants. Capital reserves are transferred to warrant reserves upon the exercise of warrants or at the expiry date of warrants period.

**17. FOREIGN CURRENCY TRANSLATION RESERVES**

	<b>The Group</b>	
	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
At 1 October	(30,350,732)	(10,391,478)
Foreign currency translation	(1,946,473)	(20,360,490)
Transferred to profit or loss (Note 17.2)		
- disposal of subsidiaries	(654,217)	-
- deregistered or struck off of subsidiaries	18,031,782	401,236
At 30 September	(14,919,640)	(30,350,732)

**17.1 FOREIGN EXCHANGE TRANSLATION RESERVES**

The foreign currency translation reserves 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, Grand Dragon Overseas Ltd and Hub Marine Pte Ltd have been deregistered/disposed. Accordingly, the foreign currency translation reserves loss of RM17,377,565 was transferred to the profit or loss.

In the previous 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 reserves loss of RM401,236 was transferred to the profit or loss.

## Notes to the Financial Statements (cont'd)

## 18. BORROWINGS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM

Short-term borrowings:-

**Secured:**

Bank guarantee	–	1,295,887	–	–
Bank overdrafts	–	2,184,641	–	–
Invoice financing	30,758,191	39,672,013	21,075,958	–
Hire purchase payables (Note 18.1)	34,478	98,423	–	–
Revolving credits	2,058,972	7,671,089	2,058,972	–
Term loans	17,091,028	17,722,188	14,091,028	13,000,000
Wa'd Al Murabahah Financing	13,399,458	3,715,085	13,399,458	3,715,085
	63,342,127	72,359,326	50,625,416	16,715,085

**Unsecured:**

Bank overdrafts	–	518,555	–	1,004,790
Revolving credits	–	2,000,000	–	–
	–	2,518,555	–	1,004,790
	63,342,127	74,877,881	50,625,416	17,719,875

Long-term borrowings:-

**Secured:**

Invoice financing	2,701,504	–	2,701,504	–
Hire purchase payables (Note 18.1)	11,865	118,978	–	–
Revolving credit	867,675	–	867,675	–
Term loans	39,930,805	43,983,624	33,930,805	32,835,807
Wa'd Al Murabahah Financing	43,129,940	60,083,417	43,129,940	60,083,417
	86,641,789	104,186,019	80,629,924	92,919,224

Notes to the Financial Statements (cont'd)

18. BORROWINGS (CONT'D)

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total borrowings:-				
Bank guarantee (secured)	–	1,295,887	–	–
Bank overdrafts (secured)	–	2,184,641	–	–
Bank overdrafts (unsecured)	–	518,555	–	1,004,790
Invoice financing (secured)	33,459,695	39,672,013	23,777,462	–
Hire purchase payables (secured)	46,343	217,401	–	–
Revolving credits (secured)	2,926,647	7,671,089	2,926,647	–
Revolving credits (unsecured)	–	2,000,000	–	–
Term loans (secured)	57,021,833	61,705,812	48,021,833	45,835,807
Wa'd Al Murabahah Financing (secured)	56,529,398	63,798,502	56,529,398	63,798,502
	149,983,916	179,063,900	131,255,340	110,639,099

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Not later than one year	63,342,127	74,877,881	50,625,416	17,719,875
Later than one year and not later than two years	36,055,486	31,210,319	30,043,621	27,241,885
Later than two years and not later than five years	50,586,303	72,975,700	50,586,303	65,677,339
	149,983,916	179,063,900	131,255,340	110,639,099

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) Legal assignment of contract proceeds of long-term shipping contracts and insurances of charged vessels of the Group;
- (iii) Upfront cash security deposit amounting to 4 months profit servicing in respect of the total facility limit extended deposited with the licensed banks;
- (iv) Legal charge over all accounts opened with the licensed banks;
- (v) Cash security deposit of USD 1 million with licensed banks of the Group; and
- (vi) Personal guarantee by one of director of the Company.

The Group is in the process of restructuring its banking facilities. Payments were made based on revised terms being negotiated. The repayment of loans have been classified based on these terms.

## Notes to the Financial Statements (cont'd)

## 18. BORROWINGS (CONT'D)

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

	The Group		The Company	
	2016 %	2015 %	2016 %	2015 %
Bank overdrafts (secured)	—	6.74%	—	7.85%
Bank overdrafts (unsecured)	7.25% - 8.45%	7.85%	7.25% - 8.45%	7.85%
Invoice financing (secured)	2.42% - 8.44%	9.68%	7.70% - 8.31%	—
Hire purchase payables (secured)	5.06%	4.65%	—	—
Onshore foreign currency loan and bill payables (unsecured)	—	5.02%	—	—
Revolving credits (secured)	5.00% - 6.15%	5.48%	5.00% - 6.15%	—
Revolving credits (unsecured)	—	6.63%	—	—
Term loans (secured)	6.43% - 6.46%	5.68% - 5.84%	6.43% - 6.67%	5.68%
Wa'd Al Murabahah Financing (secured)	7.00%	7.00%	7.00%	7.00%

## 18.1 HIRE PURCHASE PAYABLES

	The Group	
	2016 RM	2015 RM
Minimum hire purchase payments:		
- not later than one year	35,976	101,672
- later than one year and not later than two years	11,984	81,182
- later than two years and not later than five years	-	39,413
	47,960	222,267
Less: Future finance charges	(1,617)	(4,866)
Present value of hire purchase payables	46,343	217,401

The hire purchase payables are repayable as follows:-

	The Group	
	2016 RM	2015 RM
<u>Current</u>		
Not later than one year	34,478	98,423
<u>Non-Current</u>		
Later than one year and not later than two years	11,865	79,684
Later than two years and not later than five years	-	39,294
	11,865	118,978
	46,343	217,401

*Notes to the Financial Statements (cont'd)*

**19. OTHER PAYABLES AND ACCRUALS**

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b><u>Current</u></b>				
Other payables	21,818,739	46,041,330	4,807,311	1,243,698
Deposits	–	43,955	–	–
Accruals	7,380,102	20,649,939	2,331,109	3,786,606
	<b>29,198,841</b>	<b>66,735,224</b>	<b>7,138,420</b>	<b>5,030,304</b>
<b><u>Non-Current</u></b>				
Other payables	5,190,053	–	5,190,053	–
	<b>34,388,894</b>	<b>66,735,224</b>	<b>12,328,473</b>	<b>5,030,304</b>

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2015 - average term of six months) except for the non-current other payables.

**20. TRADE PAYABLES**

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days (2015 - 30 to 90 days).

**21. AMOUNT OWING TO DIRECTORS**

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

**22. REVENUE**

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Shipping and related activities	86,437,936	103,899,571	–	–
Trading activities	426,457	–	–	–
Dividend income	–	–	3,900,000	122,998,009
	<b>86,864,393</b>	<b>103,899,571</b>	<b>3,900,000</b>	<b>122,998,009</b>

## Notes to the Financial Statements (cont'd)

## 23. OTHER INCOMES

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Foreign exchange gains:				
- realised	1,520,901	329,561	397,766	–
- unrealised	3,938,161	24,172,909	3,932,670	21,934,647
Gain on disposal of property, plant and equipment	27,000	82,000	–	–
Insurance recovery	671,580	1,240,445	–	–
Interest income	549,796	12,598	2,072,584	4,541,481
Miscellaneous	708,850	1,070,113	–	–
Rental income	9,604	20,742	–	–
Gain from a subsidiary under members' voluntary liquidation	1,334,927	–	–	–
	8,760,819	26,928,368	6,403,020	26,476,128

## 24. FINANCE COST

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest expense on:				
Bank overdraft interest	45,464	79,457	45,464	79,457
Bankers' acceptance interest	1,933,791	2,094,135	1,933,791	2,023,692
Term loan interest	4,451,718	3,720,962	3,243,040	2,433,294
Hire purchase interest	3,249	6,487	–	–
	6,434,222	5,901,041	5,222,295	4,536,443

## 25. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- current financial year	234,525	245,557	36,000	36,000
- underprovision in the previous financial year	87,025	2,300	2,000	–
Bad debts written off	–	–	–	21,822
Depreciation of property, plant and equipment	10,598,523	12,212,641	616	401
Employee benefits expenses	4,694,655	3,619,109	1,798,676	163,700
Interest expenses	6,434,222	5,901,041	5,222,295	4,536,443
Impairment of investment in subsidiaries	–	–	4	220,907,518

Notes to the Financial Statements (cont'd)

25. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before taxation is arrived at after charging/(crediting) (cont'd):-				
Impairment loss:				
- amount owing by subsidiaries	–	–	90,697,881	290,028,963
- trade and other receivables	396,132	174,884	–	–
(Gain)/Loss on disposal of property, plant and equipment	(27,000)	321,414	–	–
(Gain)/Loss from a subsidiary under members' voluntary liquidation	(1,334,927)	178,307	–	–
Loss on foreign exchange:				
- realised	748,207	1,218,609	–	–
- unrealised	412,344	452,172	–	–
Non-executive directors' remuneration	323,020	228,000	275,020	180,000
Rental of premises	1,039,060	749,800	319,060	90,300
Dividend income	–	–	(3,900,000)	(122,998,009)
Gain on disposal of property, plant and equipment	–	(82,000)	–	–
Gain on foreign exchange:				
- realised	(1,520,901)	(329,561)	(397,766)	–
- unrealised	(3,938,161)	(24,172,909)	(3,932,670)	(21,934,647)
Interest income	(549,796)	(12,598)	(2,072,584)	(4,541,481)
Rental income	(9,604)	(20,742)	–	–

26. TAXATION

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Income tax:				
- Malaysian tax	730,156	972,054	–	–
- Labuan tax	36,961	40,000	–	–
	767,117	1,012,054	–	–
- under/(over)provision in the previous financial year : Malaysian income tax	9,709	161,080	–	(26,346)
	776,826	1,173,134	–	(26,346)
Deferred taxation:				
- relating to originating and reversal of temporary differences	(423,216)	(965,782)	–	–
- (over)/underprovision in the previous financial year	(468,464)	39,513	–	–
	(891,680)	(926,269)	–	–
	(114,854)	246,865	–	(26,346)

*Notes to the Financial Statements (cont'd)***26. TAXATION (CONT'D)**

A reconciliation of income tax (income)/expense applicable to the (loss)/profit 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	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before taxation	(1,523,777)	28,880,448	(90,785,143)	(367,693,187)
Tax at the statutory tax rate of 24% (2015 - 25%)	(365,706)	7,220,112	(21,788,434)	(91,923,297)
Non-taxable income	–	(7,141,099)	(936,000)	(35,810,823)
Non-deductible expenses	1,114,119	4,483,754	22,724,287	127,734,120
Effect of income subject to lower tax rate	(785,569)	(3,897,514)	–	–
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances and tax losses	404,917	–	147	–
Effects of differential in tax rates in deferred tax/other countries	(23,860)	42	–	–
Utilisation of deferred tax assets recognised in prior year	–	(619,023)	–	–
Under/(Over)provision of income tax in the previous financial year	9,709	161,080	–	(26,346)
(Over)/Underprovision of deferred taxation in the previous financial year	(468,464)	39,513	–	–
Income tax (income)/expenses for the financial year	(114,854)	246,865	–	(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.

Notes to the Financial Statements (cont'd)

**27. 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:

	Note	The Group		The Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	27.1	–	55,697,290	–	–
Cost of sales		(9,758,878)	(89,599,884)	–	–
<b>Gross loss</b>		<b>(9,758,878)</b>	<b>(33,902,594)</b>	–	–
Other income	27.2	1,373,737	49,354,141	2	–
Administrative expenses		(8,385,141)	15,451,547	2	–
Finance costs	27.3	(78,629,651)	(331,218,752)	–	–
Goodwill written off		(3,071,624)	(6,707,230)	(2,169,755)	–
Loss before taxation	27.4	(90,086,416)	(391,884,967)	(2,169,753)	–
Income tax expenses	27.5	425,059	(13,502,000)	–	–
<b>Loss after taxation from discontinued operations</b>		<b>(89,661,357)</b>	<b>(405,386,967)</b>	<b>(2,169,753)</b>	–

**27.1 REVENUE**

	The Group	
	2016 RM	2015 RM
Shipping and related activities	–	55,331,700
Trading activities	–	365,590
	–	55,697,290

**27.2 OTHER INCOME**

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Amount waived by creditors	–	47,315,649	–	–
Gain on disposal of property, plant and equipment	66,621	297,894	–	–
Gain on disposal of subsidiaries	1,273,029	–	2	–
Gain on foreign exchange:				
- realised	371	–	–	–
- unrealised	4,368	1,712,144	–	–
Interest income	–	1,425	–	–
Miscellaneous	29,348	27,029	–	–
	1,373,737	49,354,141	2	–

## Notes to the Financial Statements (cont'd)

## 27. DISCONTINUED OPERATIONS (CONT'D)

## 27.3 FINANCE COST

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest expense on:				
Borrowings	3,071,624	6,707,230	2,169,755	—

## 27.4 LOSS BEFORE TAXATION

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Amortisation of intangible assets	—	308,177	—	—
Amount waived by creditors	—	(47,315,649)	—	—
Auditors' remuneration:				
- current financial year	54,702	116,992	—	—
- overprovision in the previous financial year	(4,260)	(35,667)	—	—
Depreciation of property, plant and equipment	14,394,136	20,388,496	—	—
Employee benefits expenses	275,253	17,309,652	—	—
Hire of container and equipment	—	4,422,586	—	—
Interest expenses	3,071,624	6,707,230	2,169,755	—
Inventories written off	—	3,806,529	—	—
Impairment loss:				
- goodwill	—	69,410,532	—	—
- intangible assets	—	427,184	—	—
- inventories	—	3,455,488	—	—
- property, plant and equipment	19,971,221	34,014,030	—	—
- trade and other receivables	5,614,752	67,352,479	—	—
Loss on disposal of property, plant and equipment	24,366,594	197,370,260	—	—
Loss from deregistered subsidiary and subsidiaries under members' voluntary liquidation (including cumulative foreign loss reclassified from reserves of RM18,031,782 (2015 - nil))	15,718,009	—	—	—
Gain on disposal of subsidiaries (including cumulative foreign exchange gain reclassified from reserves of RM654,217 (2015 - nil))	(1,273,029)	—	(2)	—

Notes to the Financial Statements (cont'd)

**27. DISCONTINUED OPERATIONS (CONT'D)**

**27.4 LOSS BEFORE TAXATION (CONT'D)**

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Loss on foreign exchange:				
- realised	–	238,955	–	–
Property, plant and equipment written off	–	631,978	–	–
Rental of premises	–	1,224,663	–	–
Gain on disposal of property, plant and equipment	(66,621)	(297,894)	–	–
Gain on foreign exchange:				
- realised	(371)	–	–	–
- unrealised	(4,368)	(1,712,144)	–	–
Interest income	–	(1,425)	–	–

**27.5 TAXATION**

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Income tax:				
- underprovision in the previous financial year	741	–	–	–
Deferred taxation:				
- relating to originating and reversal of temporary differences	(365,619)	13,502,000	–	–
- overprovision in the previous financial year	(60,181)	–	–	–
	(425,800)	13,502,000	–	–
	(425,059)	13,502,000	–	–

## Notes to the Financial Statements (cont'd)

## 27. DISCONTINUED OPERATIONS (CONT'D)

## 27.5 TAXATION (CONT'D)

A reconciliation of income tax (income)/expense applicable to the loss 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		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Loss before taxation	(90,086,416)	(391,884,967)	(2,169,753)	–
Tax at the statutory tax rate of 24% (2015 - 25%)	(21,620,740)	(97,971,242)	(520,741)	–
Non-taxable income	–	40,356,799	–	–
Non-deductible expenses	13,857,610	71,116,443	520,741	–
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances and tax losses	7,397,511	–	–	–
Under/(over)provision in the previous financial year				
- income tax	741	–	–	–
- deferred tax	(60,181)	–	–	–
Income tax (income)/expenses for the financial year	(425,059)	13,502,000	–	–

## 27.6 CASH FLOWS ATTRIBUTABLE TO THE DISCONTINUED OPERATIONS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Net cash for operating activities	(10,883,648)	(7,950,506)	–	–
Net cash from investing activities	10,884,723	9,554,341	–	–
Net cash for financing activities	–	(5,774,344)	–	–
Net cash from/(for) discontinued operations	1,075	(4,170,509)	–	–

*Notes to the Financial Statements (cont'd)*

**28. LOSS PER SHARE**

Basic loss per share amounts are calculated by dividing loss 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 and share data used in the computation of basic loss per share for the years ended 30 September:

	The Group	
	2016 RM	2015 RM
Loss attributable to owners of the Company	(91,070,280)	(376,753,384)
Weighted average number of ordinary shares at 30 September	12,640,422,966	3,241,134,094
Basic loss per ordinary share (Cent)	(0.72)	(11.62)

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

**29. WINDING UP AND DEREGISTRATION OF SUBSIDIARIES**

The Group had on 17 February 2016 announced that Hub Shipping Sdn. Bhd., a wholly owned subsidiary incorporated in Malaysia, was wound up by Court order.

The Group had further on 31 March 2016, 27 June 2016 and 8 July 2016 resolved that the following wholly-owned subsidiaries be wound up or deregistered:

- a) Chatlink Sdn. Bhd.
- b) EM Container Line Sdn. Bhd.
- c) EM Line Sdn. Bhd.
- d) Hub Explorer Sdn. Bhd.
- e) Hub Fleet Sdn. Bhd.
- f) Hub Warrior Sdn. Bhd.
- g) Premier Spectrum Sdn. Bhd.
- h) Highline Bulk Sdn. Bhd.
- i) Highline Delta Sdn. Bhd.
- j) Highline Fortune Sdn. Bhd.
- k) Highline Vision Sdn. Bhd.
- l) Many Plus Maritime Sdn. Bhd.
- m) Grand Dragon Overseas Ltd
- n) Hubline Logistics Sdn. Bhd.

*Notes to the Financial Statements (cont'd)***29. WINDING UP AND DEREGISTRATION OF SUBSIDIARIES (CONT'D)**

The following summarised the amounts of assets and liabilities at the date of winding up and deregistration:-

**(a) Financial Effect Arising from Winding Up and Deregistration**

	<b>The Group</b> <b>2016</b> <b>RM</b>
Property, plant and equipment	2,538,526
Trade and other receivables	9,790,265
Tax recoverable	51,106
Cash and cash equivalents	23,540
Trade and other payables	(16,052,137)
 Carrying amount of net liabilities	 (3,648,700)
Transfer from foreign exchange translation reserves (Note 17)	18,031,782
 Loss from deregistered subsidiary and subsidiaries under members' voluntary liquidation	 14,383,082

**(b) Cash Flows Arising from Winding Up and Deregistration**

	<b>The Group</b> <b>2016</b> <b>RM</b>
Net cash outflow from deregistered subsidiary and subsidiaries under members' voluntary liquidation	(23,540)

**30. DISPOSAL OF SUBSIDIARIES**

On 30 May 2016 and 27 June 2016, the Company disposed of its entire equity interests in EM Shipping Sdn. Bhd, Wonder Link Sdn. Bhd. and Hub Marine Pte. Ltd. for a total consideration of RM2.

The following summarised the major classes of consideration received, and the amounts of assets disposed of and liabilities transferred at the date of disposal:-

**(a) Fair Value of Disposal Proceeds**

	<b>The Group</b> <b>2016</b> <b>RM</b>	<b>The Company</b> <b>2016</b> <b>RM</b>
Cash, net disposal proceeds	2	2

*Notes to the Financial Statements (cont'd)*

**30. DISPOSAL OF SUBSIDIARIES (CONT'D)**

The following summarised the major classes of consideration received, and the amounts of assets disposed of and liabilities transferred at the date of disposal (cont'd):-

**(b) Financial Effect Arising from Disposal**

	The Group 2016 RM	The Company 2016 RM
Property, plant and equipment	21,790	-
Trade and other receivables	969,219	-
Tax recoverable	62,239	-
Cash and cash equivalents	(27,279)	-
Trade and other payables	(341,958)	-
Amount owing to directors	(6,934)	-
Borrowings	(1,295,887)	-
Carrying amount of net liabilities disposed of	(618,810)	-
Transfer from foreign exchange translation reserves (Note 17)	(654,217)	-
Net disposal proceeds (Note 30(a))	(1,273,027)	-
Gain on disposal of subsidiaries (Note 27)	(1,273,029)	(2)

**(c) Cash Flows Arising from Disposal**

	The Group 2016 RM	The Company 2016 RM
Cash proceeds from disposal	2	2
Cash and cash equivalents of subsidiaries disposed of	27,279	-
Net cash inflow from the disposal of subsidiaries	27,281	2

There were no disposals of subsidiaries in last financial year.

**31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
Cost of property, plant and equipment purchased	14,222,075	29,396,780	5,495	-
Amount financed through hire purchase	-	(100,000)	-	-
Amount financed through other payables	-	(15,000,000)	-	-
Cash disbursed for purchase of property, plant and equipment	14,222,075	14,296,780	5,495	-

## Notes to the Financial Statements (cont'd)

## 32. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	12,318,192	3,929,591	7,374,844	910,546
Fixed deposits with licensed banks	3,804,600	454,153	3,804,600	–
Cash at bank pledged for borrowings	(6,864,643)	(268,075)	(6,864,643)	(268,075)
Bank overdrafts	–	(2,703,196)	–	(1,004,790)
<b>Cash and cash equivalents</b>	<b>9,258,149</b>	<b>1,412,473</b>	<b>4,314,801</b>	<b>(362,319)</b>

## 33. EMPLOYEE BENEFITS EXPENSES

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Wages and salaries	4,515,604	19,784,473	1,613,963	150,684
Contribution to defined contribution plan	426,301	1,067,722	177,983	11,560
Social security contributions	28,003	76,566	6,730	1,456
	<b>4,969,908</b>	<b>20,928,761</b>	<b>1,798,676</b>	<b>163,700</b>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,383,084 (2015 - RM2,888,805) and RM938,943 (2015-RM60,000) respectively.

## 34. 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	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Directors Of The Company</b>				
Executive directors:				
Salaries and other emoluments	1,183,308	2,709,893	788,343	–
Fees	84,000	84,000	60,000	60,000
Contributions to defined contribution plan	115,776	94,912	90,600	–
	<b>1,383,084</b>	<b>2,888,805</b>	<b>938,943</b>	<b>60,000</b>
Non-Executive directors:				
Salaries and other emoluments	151,000	60,000	151,000	60,000
Fees	160,500	168,000	112,500	120,000
Contributions to defined contribution plan	11,520	–	11,520	–
	<b>323,020</b>	<b>228,000</b>	<b>275,020</b>	<b>180,000</b>
<b>Total directors' remuneration</b>	<b>1,706,104</b>	<b>3,116,805</b>	<b>1,213,963</b>	<b>240,000</b>

*Notes to the Financial Statements (cont'd)*

**34. DIRECTORS' REMUNERATION (CONT'D)**

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

	<b>The Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>Number Of Directors</b>	
Executive directors:-		
RM250,001 - RM300,000	2	-
RM300,001 - RM350,000	-	1
RM850,001 - RM900,000	1	-
RM1,700,001 - RM1,750,000	-	1
Non-Executive directors:-		
Below RM50,000	4	4
RM100,001 - RM150,000	-	1
RM150,001 - RM160,000	1	-

**35. 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:-

	<b>The Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Subsidiaries:		
Dividend income	3,900,000	122,998,009
Interest income	1,526,867	4,537,422

(c) Compensation of key management personnel

	<b>The Group</b>		<b>The Company</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Key management personnel compensation			
- short-term employee benefits	1,652,697	3,855,782	1,111,843
- post-employment benefits (defined contribution plan)	135,660	138,157	102,120
	1,788,357	3,993,939	1,213,963
			240,000

## Notes to the Financial Statements (cont'd)

## 35. 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	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors' remuneration	1,706,104	3,116,805	1,213,963	240,000

## 36. 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.

## 37. 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.

## 37.1 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.

*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	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Effects On (Loss)/Profit</b>				
<b>After Taxation</b>				
USD/RM				
- strengthened by 10%	(6,878,051)	25,053,588	(5,912,264)	(6,379,850)
- weakened by 5%	3,439,025	(12,526,794)	2,956,132	3,189,925

Notes to the Financial Statements (cont'd)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(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	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Effects On (Loss)/Profit</b>				
<b>After Taxation</b>				
Loans on borrowings				
Increase of 50 basic points	(447,803)	(630,414)	(374,461)	(226,822)
Decrease of 50 basic points	447,803	630,414	374,461	226,822

**(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.

## Notes to the Financial Statements (cont'd)

## 37. FINANCIAL INSTRUMENTS (CONT'D)

## 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (b) Credit Risk (Cont'd)

## (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:-

	2016 RM'000	% of total	2015 RM'000	% of total
<b>By country:</b>				
Within Malaysia	-	-	1,095	2%
Outside Malaysia	51,927	100%	68,106	98%
	<hr/> 51,927	<hr/> 100%	<hr/> 69,201	<hr/> 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 RM18,682,233 (2015 - RM68,207,400) relating to corporate guarantee provided by the Company to subsidiaries' borrowings.

## (iii) Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
<b>2016</b>				
Not past due	3,340,457	-	-	3,340,457
<b>Past due:</b>				
- less than 1 month	-	-	-	-
- 1 to 2 months	2,275	-	-	2,275
- 2 to 3 months	-	-	-	-
- over 3 months	54,417,973	(5,833,613)	-	48,584,360
	<hr/> 54,420,248	<hr/> (5,833,613)	<hr/> -	<hr/> 48,586,635
	<hr/> 57,760,705	<hr/> (5,833,613)	<hr/> -	<hr/> 51,927,092

Notes to the Financial Statements (cont'd)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

(iii) Ageing analysis (cont'd)

<b>The Group</b>	<b>Gross Amount RM</b>	<b>Individual Impairment RM</b>	<b>Collective Impairment RM</b>	<b>Carrying Value RM</b>
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

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.

*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 Group 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.

## Notes to the Financial Statements (cont'd)

## 37. FINANCIAL INSTRUMENTS (CONT'D)

## 37.1 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):-

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
			Within 1 Year RM	1 - 5 Years RM			
<b>30.9.2016</b>							
Bank borrowings	2.42% - 8.45%	149,983,916	166,219,155	67,315,135	98,904,020	-	-
Trade payables	-	10,709,825	10,709,825	10,709,825	-	-	-
Other payables and accruals	-	34,388,894	34,388,894	34,388,894	-	-	-
Amount owing to directors	-	79,966	79,966	79,966	-	-	-
		<b>195,162,601</b>	<b>211,397,840</b>	<b>112,493,820</b>	<b>98,904,020</b>		
<b>30.9.2015</b>							
Bank borrowings	4.85% - 7.85%	179,063,900	201,391,219	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	-	-	-
		<b>283,947,869</b>	<b>306,275,188</b>	<b>185,003,302</b>	<b>121,271,886</b>		

Notes to the Financial Statements (cont'd)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 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 Company	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM		Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
			Within 1 Year RM	1 - 5 Years RM			
30.9.2016							
Bank borrowings	5.00% - 8.45%	131,255,340	145,756,462	54,019,426	91,737,036		-
Other payables and accruals	-	12,328,473	12,328,473	12,328,473		-	-
Amount owing to subsidiaries	-	39,048	39,048	39,048		-	-
		143,622,861	158,123,983	66,386,947	91,737,036		-
30.9.2015							
Bank borrowings	5.68% - 7.85%	110,639,099	132,968,573	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	151,621,660	37,613,353	114,008,307		-

*Notes to the Financial Statements (cont'd)***37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 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.

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.

	<b>The Group</b>		<b>The Company</b>	
	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
Bank borrowings	149,983,916	179,063,900	131,255,340	110,639,099
Trade payables	10,709,825	37,756,759	—	—
Other payables and accruals	34,388,894	66,735,224	12,328,473	5,030,304
Amount owing to directors	79,966	391,986	—	—
	195,162,601	283,947,869	143,583,813	115,669,403
Less: Fixed deposits with licensed banks	(3,804,600)	(454,153)	(3,804,600)	—
Less: Cash and bank balances	(12,318,192)	(3,929,591)	(7,374,844)	(910,546)
Net debt	179,039,809	279,564,125	132,404,369	114,758,857
Total equity	57,114,227	40,588,365	61,990,136	62,779,982
Total equity and net debt	236,154,036	320,152,490	194,394,505	177,538,839
Gearing ratio	75.81%	87.32%	68.11%	64.64%

Under the requirement of Bursa Malaysia Practice Note No.17/2005, the Group is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) more than 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Group has complied with this requirements.

Notes to the Financial Statements (cont'd)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Financial Assets</b>				
<u>Loans and receivables</u>				
<u>financial assets</u>				
Trade receivables	51,927,092	69,200,701	–	–
Other receivables, deposits and prepayments	5,972,756	1,154,937	139,597	–
Amount owing by subsidiaries	–	–	45,711,718	42,585,008
Fixed deposits with licensed banks	3,804,600	454,153	3,804,600	–
Cash and bank balances	12,318,192	3,929,591	7,374,844	910,546
	74,022,640	74,739,382	57,030,759	43,495,554
<b>Financial Liabilities</b>				
<u>Other financial liabilities</u>				
Bank borrowings	149,983,916	179,063,900	131,255,340	110,639,099
Trade payables	10,709,825	37,756,759	–	–
Other payables and accruals	34,388,894	66,735,224	12,328,473	5,030,304
Amount owing to directors	79,966	391,986	–	–
Amount owing to subsidiaries	–	–	39,048	13,622,783
	195,162,601	283,947,869	143,622,861	129,292,186

**37.4 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.

## Notes to the Financial Statements (cont'd)

## 37. FINANCIAL INSTRUMENTS (CONT'D)

## 37.4 FAIR VALUE INFORMATION (CONT'D)

The Group	Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM					
	Fair Value		Level 2 RM							
	Level 1 RM	Level 2 RM								
30.9.2016										
<u>Financial Liabilities</u>										
Bank borrowings	–	56,646,170	56,646,170	56,646,170	56,575,741					

30.9.2015					
<u>Financial Liabilities</u>					
Bank borrowings					
–	63,243,969	63,243,969	63,243,969	63,243,969	64,015,903

**The Company**

30.9.2016					
<u>Financial Liabilities</u>					
Bank borrowings					
–	56,600,058	56,600,058	56,600,058	56,600,058	56,529,398

30.9.2015					
<u>Financial Liabilities</u>					
Bank borrowings					
–	63,028,726	63,028,726	63,028,726	63,028,726	63,798,502

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

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:-

	2016 RM	2015 RM
Bank borrowings	7.01%	8.78%
Hire purchase payables	5.61%	5.94%

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

## 38. NUMBER OF EMPLOYEES

The number of employees at the balance sheet date was 93 (2015 - 80).

*Notes to the Financial Statements (cont'd)*

**39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

**a) Completion of First Capital Restructuring Exercises undertaken by the Group**

The Group had completed the following First Capital Restructuring Exercises during the financial year:

- (i) Par value reduction of the issued and fully paid-up share capital of Hubline via the cancellation of RM0.19 of the par value of every existing ordinary share of RM0.20 each in Hubline pursuant to Section 64 of the Companies Act, 1965;
- (ii) Renounceable rights issue of 6,482,268,188 new ordinary shares of RM0.01 each in Hubline ("Rights Share(s)") on the basis of two (2) Rights shares of every one (1) ordinary share of RM0.01 each held in Hubline ("Hubline Share(s)" or "Share(s)") after the Par Value Reduction, together with 1,620,567,047 free detachable new warrants ("Warrant(s) B"), on the basis of one (1) Warrant B for every four (4) Rights Shares subscribed;
- (iii) Private placement of up to 2,917,020,684 new Hubline Shares ("Placement Share(s)"), representing up to approximately 30.0% of the enlarged issued and fully paid-up share capital of the Company 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 subscribed ("Private Placement");
- (iv) Amendments to the Memorandum and Articles of Association ("MA") of Hubline to facilitate the Par Value Reduction;
- (v) Issuance and listing of up to 362,802,547 Adjustment Warrants A pursuant to the adjustment made in accordance with the provisions of the Deed Poll 2009;

**b) Second Capital Restructuring Exercises undertaken by the Group**

On 18 July 2016, the Group had announced its intention to undertake the following Capital Restructuring Exercises:

- (i) Reduction of the issued and paid-up share capital of Hubline pursuant to the Act involving the cancellation of RM0.005 of the par value of each existing ordinary share of RM0.010 in Hubline;
- (ii) Consolidation of all Hubline Shares upon the completion of the Proposed Par Value Reduction on the basis of twenty (20) ordinary shares of RM0.005 each in Hubline into one (1) ordinary share of RM0.10 each in Hubline;
- (iii) Amendment to the Memorandum and Articles of Association of Hubline to facilitate the Proposed Par Value Reduction and Proposed Share Consolidation;
- (iv) Amendment to the terms of the Warrants A Deed Poll and Warrants B Deed Poll; and
- (v) Issuance of redeemable convertible notes with an aggregate principal amount of up to RM200.0 million.

Subsequently on 16 August 2016, the Group announced that the listing application in relation to the Proposals had been submitted to Bursa Securities.

*Notes to the Financial Statements (cont'd)***40. SUBSEQUENT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

On 18 November 2016, the Group announced that it had entered into a supplementary agreement with the Subscriber ("Supplemental Agreement") on the following:

- (i) Revision of the aggregate principal amount of the Notes from RM200 million to RM80 million; and
- (ii) The minimum conversion price in relation to the Conversion Shares to be set at RM0.05 upon the implementation of the Companies Act, 2016.

Subsequently on 14 December 2016, the Group had announced that Bursa Securities had vide its letter dated 14 December 2016, approved the following:

- (i) The proposed consolidation of all shares upon completion of the Proposed Par Value Reduction on the basis of twenty (20) ordinary shares of RM0.005 each in Hubline into one (1) ordinary share of RM0.10 each in Hubline; and
- (ii) Listing of and quotation of up to 1,600,000,000 Conversion Shares on the Main Market of Bursa Securities.

On 10 January 2017, the Group had convened an Extraordinary General Meeting ("EGM") on the Capital Restructuring Exercises where the Proposal was approved by the shareholders. The holders of Warrants A and Warrants B approved the amendments to their respective deed polls on an adjourned EGM convened on 17 January 2017.

**41. CAPITAL COMMITMENTS**

	The Group	
	2016	2015
	RM	RM
<u>Contracted but not provided for</u>		
Purchase of vessel	11,784,685	-

*Notes to the Financial Statements (cont'd)*

**42. OPERATING LEASE COMMITMENTS**

The Group leases office buildings under non-cancellable operating leases. The lease periods range from 2 to 3 years with an option to renew after that date.

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
Not more than one year	1,236,000	–	516,000	–
Later than one year and not later than five years	995,000	–	215,000	–
	<b>2,231,000</b>	<b>–</b>	<b>731,000</b>	<b>–</b>

**43. CONTINGENT LIABILITIES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
<b>Unsecured</b>				
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	–	–	18,682,233	68,207,400
Legal claims against a subsidiary	–	25,914,021	–	–

*Notes to the Financial Statements (cont'd)***44. 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:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
Total retained profits /(accumulated losses ) of Hubline Berhad and its subsidiaries :				
- realised	(347,980,639)	(1,373,343,121)	(96,887,566)	(608,265,666)
- unrealised	(6,068,773)	11,145,006	3,932,670	21,934,647
Less : Consolidation adjustments	(354,049,412)	(1,362,198,115)	(92,954,896)	(586,331,019)
271,138,247	784,026,211		-	-
At 30 September	(82,911,165)	(578,171,904)	(92,954,896)	(586,331,019)

## Analysis of Shareholdings

As at 30 December 2016

Authorized Share Capital : RM 1,000,000,000  
 Issued and Fully Paid-up Capital : RM 12,654,019,566  
 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	53	0.35	2,867	0.00
100 to 1,000	331	2.19	237,396	0.00
1,001 to 10,000	2,797	18.51	17,490,830	0.14
10,001 to 100,000	6,395	42.33	312,615,494	2.47
100,001 to less than 5% of issued shares	5,533	36.62	11,409,081,942	90.26
5% and above of issued shares	1	0.00	900,994,437	7.13
	15,110	100.00	12,640,422,966	100.00

Total issued shares as at 30 December 2016 : 12,654,019,566

Treasury shares as per ROD dated 30 December 2016 : 13,596,600

Adjusted capital after netting treasury shares as at 30 December 2016 : 12,640,422,966

### SUBSTANTIAL SHAREHOLDERS AS AT 30 DECEMBER 2016

	Direct No. of shares	%	Deemed Interest/Indirect No. of shares	%
Billion Power Sdn Bhd	1,751,025,439	13.84	-	-

### DIRECTOR'S SHAREHOLDINGS AS AT 30 DECEMBER 2016

	<-----Direct----->	%	<-----Indirect----->	%
Dennis Ling Li Kuang	436,305,990	3.45	11,607,716 <sup>(1)</sup>	0.09
Richard Wee Liang Huat @ Richard Wee Liang Chiat	150,900,000	1.19	-	-
Haji Ibrahim Bin Haji Bakri	10,000	0.00	-	-
Katrina Ling Shiek Nghee	-	-	447,913,706 <sup>(2)</sup>	3.54
Lai Lian Yee	167,000	0.00	770,000 <sup>(3)</sup>	0.01
Jem Magnaye	-	-	8,723,400 <sup>(4)</sup>	0.07

(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.

*Analysis of Shareholdings  
As at 30 December 2016 (cont'd)*

**THIRTY LARGEST SHAREHOLDERS AS AT 30 DECEMBER 2016**

	<b>Names</b>	<b>No. of Shares</b>	<b>%</b>
1	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Billion Power Sdn Bhd	900,994,437	7.12
2	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Billion Power Sdn Bhd	600,000,984	4.75
3	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lanacove Sdn Bhd	587,437,989	4.65
4	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Boon Poh (008)	576,560,000	4.56
5	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Absolute Privilege Sdn Bhd	563,566,500	4.46
6	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Pau Chiong Ching	554,946,124	4.39
7	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ling Li Kuang	427,850,000	3.38
8	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd For Vendalon Sdn Bhd	406,218,000	3.21
9	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Billion Power Sdn Bhd	250,030,018	1.98
10	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN For UOB Kay Hian Pte Ltd (A/C Clients)	231,502,000	1.83
11	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Lian Siew @ Ting Lian Bo	191,785,000	1.52
12	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Knga Sml Cap FD)	184,043,800	1.46
13	Citigroup Nominees (Tempatan) Sdn Bhd Employee Provident Fund Board (KIB)	151,283,500	1.20
14	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd For Richard Wee Liang Huat	150,600,000	1.19
15	Lembaga Tabung Haji	119,242,650	0.94

*Analysis of Shareholdings  
As at 30 December 2016 (cont'd)*

**THIRTY LARGEST SHAREHOLDERS AS AT 30 DECEMBER 2016 (CONT'D)**

	<b>Names</b>	<b>No. of Shares</b>	<b>%</b>
16	James Lo Kuin Chuan	110,003,000	0.87
17	Chai Min Chee	101,000,000	0.80
18	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Hai Ong	100,000,000	0.79
19	Ruben Kelvin Rajadurai	71,200,000	0.56
20	Kenanga Nominees (Tempatan) Sdn Bhd Gan Boot Guat (EM1-P88)	70,758,000	0.56
21	Tye Sok Cin	69,500,000	0.55
22	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Carmen Quah	67,869,500	0.54
23	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Pheng Kuen	61,797,800	0.49
24	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)	59,295,500	0.47
25	Mahawa Binti Pilus	58,500,000	0.46
26	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Pau Chiong Ching	52,710,000	0.42
27	CIMB Group Nominees (Tempatan) Sdn Bhd Except AN for Petroliam Nasional Berhad (KIB)	51,105,500	0.40
28	Tey Chern Chern	50,084,000	0.40
29	Maybank Nominees (Tempatan) Sdn Bhd Syed Hossin Bin Wan Hamit	47,500,000	0.38
30	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ting Pin Sew	47,385,000	0.37
<b>TOTAL</b>		<b>6,914,769,302</b>	<b>54.70</b>

# Analysis of **Warrants A Holdings**

As at 30 December 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	73	1.08	3,840	0.00
100 to 1,000	163	2.41	85,660	0.00
1,001 to 10,000	1,799	26.55	8,343,857	0.45
10,001 to 100,000	2,295	33.87	89,705,949	4.79
100,001 to less than 5% of issued warrants	2,445	36.09	1,776,340,974	94.76
5% and above of issued warrants	0	0.00	0	0.00
	6,775	100.00	1,874,480,280	100.00

## DIRECTOR'S WARRANTS HOLDINGS AS AT 30 DECEMBER 2016

	<-----Direct----->	% ----->	<-----Indirect----->	% ----->
Dennis Ling Li Kuang	3,843,200	0.21	4,489,978 <sup>(1)</sup>	0.24
Richard Wee Liang Huat @ Richard Wee Liang Chiat	49,600	0.00	—	—
Haji Ibrahim Bin Haji Bakri	—	—	—	—
Katrina Ling Shiek Ngee	—	—	8,333,178 <sup>(2)</sup>	0.44
Haji Awang Mohidin Bin Awang Saman	—	—	—	—
Lai Lian Yee	—	—	74,400 <sup>(3)</sup>	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 30 DECEMBER 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
4	Maybank Nominees (Tempatan) Sdn Bhd Ch'ng Yock Kim	19,220,000	1.03

*Analysis of Warrant A Holdings  
As at 30 December 2016 (cont'd)*

**THIRTY LARGEST WARRANTS HOLDERS AS AT 30 DECEMBER 2016 (CONT'D)**

	<b>Names</b>	<b>No. of Warrants</b>	<b>%</b>
5	Tiong Ing Ping	17,144,612	0.91
6	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Phang Shay Nam	14,892,400	0.79
7	Thong Kam Weng	14,356,472	0.77
8	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kek Lian Lye	13,987,200	0.75
9	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Lee Keong (BTINGGI-CL)	13,910,000	0.74
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
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

*Analysis of Warrant A Holdings  
As at 30 December 2016 (cont'd)*

**THIRTY LARGEST WARRANTS HOLDERS AS AT 30 DECEMBER 2016 (CONT'D)**

	<b>Names</b>	<b>No. of Warrants</b>	<b>%</b>
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
<b>TOTAL</b>		<b>423,017,779</b>	<b>22.57</b>

## Analysis of **Warrants B Holdings**

As at 30 December 2016

Type of Securities	:	5 year Warrants 2015/2020 ('Warrants B')
Total Warrants Issued and Not Exercised	:	3,079,077,387
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	20	0.59	987	0.00
100 to 1,000	41	1.22	27,650	0.00
1,001 to 10,000	621	18.42	3,767,392	0.12
10,001 to 100,000	1,738	51.54	81,169,587	2.64
100,001 to less than 5% of issued warrants	946	28.05	1,754,589,129	56.98
5% and above of issued warrants	6	0.18	1,239,522,642	40.26
	3,372	100.00	3,079,077,387	100.00

### DIRECTOR'S WARRANTS HOLDINGS AS AT 30 DECEMBER 2016

	<-----Direct----->	%	<-----Indirect----->	%
Dennis Ling Li Kuang	103,513,997	3.36	—	—
Richard Wee Liang Huat @				
Richard Wee Liang Chiat	200,150,000	6.50	—	—
Haji Ibrahim Bin Haji Bakri	—	—	—	—
Katrina Ling Shiek Ngee	—	—	103,513,997 <sup>(1)</sup>	3.36
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 30 DECEMBER 2016

	Names	No. of Warrants	%
1	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN For UOB Kay Hian Pte Ltd (A/C Clients)	250,032,500	8.12
2	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lanacove Sdn Bhd	218,510,342	7.10
3	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Absolute Privilege Sdn Bhd	210,000,000	6.82
4	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd For Richard Wee Liang Huat	200,150,000	6.50

*Analysis of Warrant B Holdings  
As at 30 December 2016 (cont'd)*

**THIRTY LARGEST WARRANTS HOLDERS AS AT 30 DECEMBER 2016 (CONT'D)**

	<b>Names</b>	<b>No. of Warrants</b>	<b>%</b>
5	Basil Ling Ing Bing	200,000,000	6.50
6	Tey Chern Chern	160,829,800	5.22
7	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Billion Power Sdn Bhd	150,165,739	4.88
8	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Billion Power Sdn Bhd	100,000,164	3.25
9	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kwong Ming Kwei (08KW032ZQ-008)	98,974,200	3.21
10	Amsec Nominees (Tempatan) Sdn Bhd Ling Li Kuang	95,538,997	3.10
11	Pau Chiong Ching	89,390,000	2.90
12	SJ SEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Pau Chiong Ching	87,337,000	2.84
13	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ting Lian Siew @ Ting Lian Bo	81,772,500	2.66
14	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (KNGA SML CAP FD)	68,537,500	2.23
15	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Focus Return Sdn Bhd (M05)	61,250,000	1.99
16	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koh Boon Poh (008)	56,864,950	1.85
17	Chai Min Chee	50,000,000	1.62
18	James Lo Kuin Chuan	42,500,500	1.38
19	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ting Pin Sew	40,689,300	1.32
20	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mior Abdul Rahman Bin Miou Mohd Khan (Starhill-CL)	30,000,000	0.97
21	Ng Siew Hong	30,000,000	0.97
22	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Michael Heng Chun Hong (6000108)	29,000,000	0.94

*Analysis of Warrant B Holdings  
As at 30 December 2016 (cont'd)*

**THIRTY LARGEST WARRANTS HOLDERS AS AT 30 DECEMBER 2016 (CONT'D)**

	<b>Names</b>	<b>No. of Warrants</b>	<b>%</b>
23	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Billion Power Sdn Bhd	25,005,003	0.81
24	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ting Wee Hua	18,760,000	0.61
25	Chap Kar Kar	17,000,000	0.55
26	Chap Kar Kar	16,990,100	0.55
27	Seik Thye Kong	16,500,000	0.54
28	Kenanga Nominees (Tempatan) Sdn Bhd Chong Mei	15,000,000	0.49
29	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Lee Keong (BTINGGI-CL)	14,400,000	0.47
30	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ling Li Kuang	7,975,000	0.26
<b>TOTAL</b>		<b>2,483,173,595</b>	<b>80.65</b>

## NOTICE OF FORTY-FIRST ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Forty-First Annual General Meeting of the Company will be held at Dewan Perpaduan II, 1st Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg 93000 Kuching, Sarawak, on Friday, 24 March 2017 at 11.00 a.m. for the following purposes :-

### As Ordinary Business

1. To receive the Report of the Directors and the Audited Statement of Accounts for the financial year ended 30 September 2016 and the Report of the Auditors thereon. **Resolution 1**
2. To re-elect Y Bhg. Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat, who is retiring in accordance with Article 71 of the Articles of Association of the Company and is offering himself for re-election. **Resolution 2**
3. To re-elect Tuan Haji Ibrahim Bin Haji Baki, who is retiring in accordance with Article 71 of the Articles of Association of the Company and is offering himself for re-election. **Resolution 3**
4. To approve Directors' fee of RM240,000.00 for the financial year ending 30 September 2017. **Resolution 4**
5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorized to determine their remuneration. **Resolution 5**

### As Special Business

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

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

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

**Resolution 5**
7. **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965**

"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."

**Resolution 6**
8. 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: 26 January 2017

## *Notice of Forty-First Annual General Meeting (cont'd)*

### **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 an 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 recommended him to continue to act as an 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 holds 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 5, if passed, will enable the above director to continue to serve as an 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 6, 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 Fortieth Annual General Meeting held on 29 March 2016 and which will lapse at the conclusion of the Forty-First Annual General Meeting to be held on 24 March 2017.

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

*Notice of Forty-First Annual General Meeting (cont'd)*

**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 20 March 2017 be regarded as Members and shall be entitled to attend, speak and vote at the Forty-First 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 Forty-First Annual General Meeting of the Company.

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# HUBLINE

## HUBLINE BERHAD

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

Number of shares held	
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**FORM OF PROXY**

(PLEASE FILL IN BLOCK LETTERS)

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

of .....  
(FULL ADDRESS)

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

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

of ..... or failing  
(FULL ADDRESS)

him/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 24 March 2017 at 11:00 a.m. or at any adjournment thereof in the manner indicated below:

No.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Y Bhg Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat who is retiring in accordance with Article 71 of the Company's Articles of Association as a Director of the Company.		
2.	To re-elect Tuan Haji Ibrahim Bin Haji Baki who is retiring in accordance with Article 71 of the Company's Articles of Association as a Director of the Company.		
3.	To approve Directors' fees amounting to RM240,000.00 for the financial year ending 30 September 2017.		
4.	To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorize the Directors to determine their remuneration.		
5.	Continuation in office as Independent Non-Executive Director - Tuan Haji Ibrahim Bin Haji Baki.		
6.	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.....2017

.....  
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 20 March 2017 be regarded as Members and shall be entitled to attend, speak and vote at the Forty-First 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*

*www.hubline.com*

