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> > > Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of the Company will be held at Dewan Muhibbah, 2nd Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg 93000 Kuching, Sarawak, on Friday, 31st March 2006 at 11.00 a.m. for the following purposes :-

ORDINARY BUSINESS

- | | | |
|---|---|--|
| 1 | To receive and adopt the Report of the Directors and the Audited Statement of Accounts for the year ended 30 September, 2005 and the Report of the Auditors thereon. | Ordinary Resolution 1 |
| 2 | To re-elect the following director, who is retiring in accordance with Article 70 of the Articles of Association of the Company and is offering herself for re-election :-

(i) Ms Christine Lau Swee Eng | Ordinary Resolution 2 |
| 3 | To re-elect the following directors, who are retiring in accordance with Article 71 of the Articles of Association of the Company and are offering themselves for re-election :-

(i) Mr Richard Wee Liang Huat @ Richard Wee Liang Chiat
(ii) Haji Awang Mohidin Bin Awang Saman | Ordinary Resolution 3
Ordinary Resolution 4 |
| 4 | To approve Directors' fees for the financial year ended 30 September, 2005. | Ordinary Resolution 5 |
| 5 | To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |
| | As Special Business to consider and if thought fit, to pass the following resolutions as Ordinary Resolutions: | |
| 6 | AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965.
"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." | Ordinary Resolution 7 |
| 7 | PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE OF OWN SHARES BY THE COMPANY ("Proposal")
"THAT subject to the Companies Act, 1965 ("ACT"), the Company's Memorandum and Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares of RM 1.00 each in the Company ("Hubline Shares") as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased pursuant to this resolution representing up to 10% of the total issued and paid-up share capital of the Company;

THAT an amount not exceeding the share premium of RM 66,845,342 of the Company based on the audited accounts for the financial year ended 30 September 2005, be allocated by the Company for the Proposal;

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

(i) the Hubline Shares so purchased could be cancelled; or
(ii) the Hubline Shares so purchased could be retained as treasury shares for distribution as share dividend to the shareholders of Hubline and/or be resold | Ordinary Resolution 8 |

> > > Notice of Annual General Meeting (contd.)

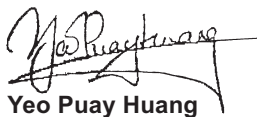
- through Bursa Malaysia and/or be cancelled subsequently; or
- (iii) the Hubline Shares so purchased could be in part be retained as treasury shares, in part be sold and in part be cancelled.

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

- (i) the conclusion of the next Annual General Meeting of the Company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next Annual General Meeting of the Company after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting; whichever occurs first;

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

By order of the Board,



Yeo Puay Huang
Secretary

Dated : 9th March 2006

Explanatory Notes to Special Business

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

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

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her place. A proxy need not be a member of the Company. Where a holder appoints two or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. A corporation which is a member may by resolution of its directors authorise such person as it thinks fit to act as its representative at the meeting pursuant to Section 147 of the Companies Act, 1965.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney, and the person so appointed may attend and vote at the meeting at which the appointer is entitled to vote.
4. The instrument appointing a proxy or representative must be deposited at the registered office, Sama Jaya Free Industrial Zone, Plot 9, Block 12, Off Jalan Setia Raja, P. O. Box A893, 93818 Kuching, Sarawak, not less than forty-eight (48) hours before the time for holding the meeting.

> > > Statement Accompanying Notice of Annual General Meeting

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

- | | | |
|----|---|--------------|
| a) | Ms Christine Lau Swee Eng | - Article 70 |
| b) | Mr Richard Wee Liang Huat @ Richard Wee Liang Chiat | - Article 71 |
| c) | Haji Awang Mohidin Bin Awang Saman | - Article 71 |

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

2. Board Meetings held during the financial year ended 30 September 2005

The Board sat 6 times during the financial year to review and monitor the development of the Group. The details of the attendance of each member of the Board are tabulated below:

	Director	Period of Directorship	No. of Meetings Attended
1	Richard Wee Liang Huat @ Richard Wee Liang Chiat	01/10/2004 – 30/09/2005	6 / 6
2	Dennis Ling Li Kuang	01/10/2004 – 30/09/2005	6 / 6
3	Ibrahim Bin Baki	01/10/2004 – 30/09/2005	6 / 6
4	Katrina Ling Shiek Ngee	01/10/2004 – 30/09/2005	6 / 6
5	Awang Mohidin Awang Saman	01/10/2004 – 30/09/2005	6 / 6
6	Ms Christine Lau Swee Eng (<i>appointed on 16/06/2005</i>) (<i>2 Board meetings held after 16/06/2005 to 30/09/2005</i>)	16/06/2005 – 30/09/2005	2 / 6
7	Datuk Amar Wee Hood Teck (<i>Demised on 03/06/2005</i>) (<i>3 Board meetings held from 01/10/2004 to 03/06/2005</i>)	01/10/2004 – 03/06/2005	3 / 6
8	Ernest Ho Keng Seng (<i>Resigned on 16/06/2005</i>) (<i>4 Board meetings held from 01/10/2004 to 16/06/2005</i>)	01/10/2004 – 16/06/2005	4 / 6

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

Dewan Muhibbah, 2nd Floor, Merdeka Palace Hotel & Suites, Jalan Abang Haji Openg, 93000 Kuching, Sarawak on 31 March, 2006 at 11.00 a.m.

> > > Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of Hubline Berhad ("Hubline") for the financial year ended 30 September 2005.

I am pleased to report that Hubline has delivered another year of profitability and growth on the back of favourable market conditions in the shipping industry which saw rates and prices in the freight and charter hire markets remain at favourable level.

It is with immense sadness that we saw the demise of our former Chairman, the late Datuk Amar Wee Hood Teck on 3 June 2005. The Hubline Group is indeed benefiting the fruits of his advice and on behalf of the Board, I would like to pay tribute to him for his invaluable contributions.

FINANCIAL PERFORMANCE

For the year under review, the Group registered a total revenue of RM 414 million, an increase of 8 % from RM 383 million recorded in the previous financial year. Pre-tax profit jumped to RM 46 million, an increase of about RM 17 million or 59% from 2004. Net profit after tax rose by 70% to RM 46 million from RM 27 million.

The significant increase in profit was attributed mainly to favourable market environment in the container shipping industry boosted by strong demand along key routes coupled with higher freight and charter hire rates. The boom in the container vessel market also benefited Hubline as we made extraordinary gains of RM 8.8 million from the disposal of vessels.

OPERATIONS OVERVIEW

The global shipping industry was generally favourable in the financial year 2005 which saw most shipping companies turned in strong performances resulted from a boom in freight and charter hire rates and ship prices.

Operating in a favourable market environment, the Group continued to turn in satisfactory results due mainly to the Group's continued efforts on increased operational efficiency by scheduling its trade routes to achieve optimal capacity utilisation. The Management is continuously looking into ways to keep costs low to meet the inflationary challenges and to stay competitive. The Group's strengths have been its clear focus on its business strategy by operating in niche markets in the intra-Asian region. During the year, intra-Asian services continued to be the profitable services for the Group driven mainly by strong trade growth from China and India.

We continue to exercise high standards in fleet management. Our commitment is to ensure that all our vessels are running well and complying with maintenance schedules and class standards.

CORPORATE DEVELOPMENT

- 1) On 19 October 2005, the Group announced that it was proposing to seek from its shareholders the authority for the Group to purchase and/or hold up to ten percent(10%) of its issued and paid-up capital. The Proposed Shares Buy-Back was approved by the shareholders at the Extraordinary General Meeting held on 15 November 2005.

As at 28 February 2006, the Group repurchased 465,600 of its issued and ordinary shares from the open market at an average price of RM 1.68 per share. The total consideration paid for the repurchase including transaction cost was RM 779,983. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965

The Group announced that it was proposing to undertake a renewal of mandate from the shareholders of the Group pursuant to the shares buyback("Proposal"). The Proposal is to be tabled for the shareholders' approval at the forthcoming Annual General Meeting to be held on 31 March 2006.

- 2) The Group has successfully undertaken a fund raising exercise which involved the following:

- (i) Issuance of Murabahah Commercial Papers ("MCP") / Medium Term Notes Programme of up to RM150 million;
- (ii) Issuance of Bai' Bithaman Ajil Islamic Debt securities at nominal value of RM 70 million.

The MCP and Bai' Bithaman Ajil Islamic Debt securities were fully issued in January 2006.

- 3) The Group had, on 24 November 2005 made an early redemption of and cancelled the RM 120 million Al-Murabahah Commercial Paper / Medium-term Notes Programme(2002/2007).

> > > Chairman's Statement (contd.)

- 4) The Group had, on 13 December 2005, announced its intention to internally reorganize its corporate structure to streamline the activities of its subsidiaries. The proposed re-organisation, duly approved by the Foreign Investment Committee, involves the transfer by Wonder Link Sdn Bhd., a wholly-owned subsidiary of Hubline Berhad, to the Company, of the entire equity interests of certain of the subsidiaries of Wonder Link Sdn. Bhd.

DIVIDENDS

The Board has declared that no dividend will be paid during the year under review.

PROSPECTS

The economic growth in China and India is expected to continue to play a major role in fuelling trade growth into the next financial year. Consequently, the outlook for container business is expected to remain positive but freight rates may not at the record level of 2005. Your Board is confident that the Group is expected to remain profitable for financial year 2006.

To meet the challenges ahead, the Group will continue to review our business strategies as dictated by market conditions. We remain focused in providing efficient services to niche markets in the intra-Asian regions. We will strengthen and expand our services to niche markets and maintain efficient vessel deployment to more profitable routes. We will also monitor closely our cost structure and implement measures to improve operational efficiencies. At the same time, we continue with efforts to improve the quality of our services, raise our performance standards as well as improve the reliability of our vessels and operations system.

With our commitment and determination, your Board is confident that we are ready to meet the challenges of 2006 and years ahead and is poised to take the opportunities that may arise.

ACKNOWLEDGEMENT

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

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



Richard Wee Liang Chiat
Chairman

> > > Corporate Information

BOARD OF DIRECTORS

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

Dennis Ling Li Kuang
Group Managing Director

Christine Lau Swee Eng
Non-Independent Non-Executive Director

Ibrahim Bin Baki
Independent Non-Executive Director

Katrina Ling Shiek Ngee
Non-Independent Non-Executive Director

Haji Awang Mohidin Bin Awang Saman
Independent Non-Executive Director

Ernest Ho Keng Seng
Resigned on 16 June 2005 and appointed as
Alternate Director to Mr Richard Wee

COMPANY SECRETARY

Yeo Puay Huang
(LS 000577)

AUDIT COMMITTEE

Ibrahim Bin Baki
Chairman
Independent Non-Executive Director

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

Dennis Ling Li Kuang
Member
Group Managing Director
Member of MIA

AUDITORS

Ernst & Young

REGISTERED OFFICE

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

REGISTRAR AND TRANSFER OFFICE

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

SOLICITORS

Tang & Tang, Wahap & Ngumbang
No. 3, 1st Floor, Jalan Court
P O Box 272,
97007 Bintulu, Sarawak

LISTING

Main Board of Bursa Malaysia Securities Berhad

PRINCIPAL BANKERS

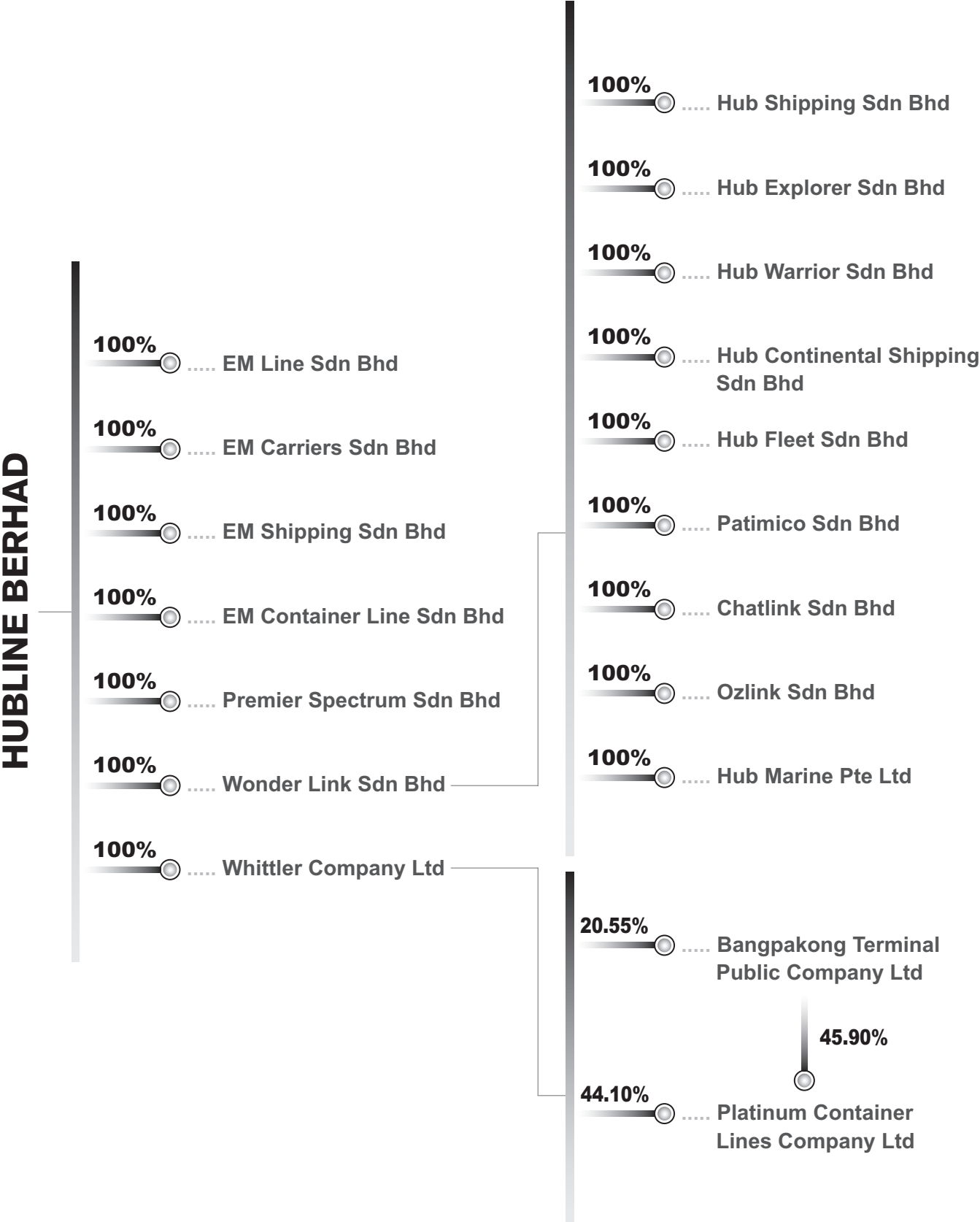
Bumiputra-Commerce Bank Berhad

RHB Bank Berhad

EON Bank Berhad

Bank Muamalat Malaysia Berhad

Affin Merchant Bank Berhad



> > > Directors' Profile



Mr Richard Wee Liang Huat @ Richard Wee Liang Chiat

Non-Independent Non-Executive Chairman

Malaysian, aged 47, was appointed to the Board since 1986. He obtained a Diploma in Management Development from Asian Institute of Management, Manila, Philippines in 1981 and is a member of the Malaysian Institute of Management since 1985. Since joining the Company in 1981 as Acting General Manager, he has been actively involved in the Group's affairs which include the overall sales, operations, finance and administration. He is also the director to Tai Sin Electric Cable Manufacturer Ltd., which is listed on the Stock Exchange of Singapore Dealing and Automated Quotation System.

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



Mr Dennis Ling Li Kuang

Group Managing Director

Malaysian, aged 53. Mr Dennis Ling is a Chartered Accountant by profession and was appointed to Hubline Berhad on 13th February, 2001. He graduated with Bachelor of Commerce Degree from University of Wollongong in New South Wales, Australia in 1976 and is associated member of Institute of Chartered Accountants in Australia.

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

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

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



Ms Christine Lau Swee Eng

Non-Independent Non-Executive Director

Malaysian, aged 51, was appointed to the Board on 16 June 2005. Ms Christine Lau Swee Eng obtained her Diploma in Business Studies from Department of Technical Education, New South Wales, Australia in 1977. She joined HUBLine in 1996 and is the General Manager of Hub Shipping Sdn. Bhd. in charge of Agencies and Human Resources. Before joining Hub Shipping, she had been involved in travel industry and property development in Australia.

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

> > > Directors' Profile (contd.)



Encik Ibrahim Bin Baki

Independent Non-Executive Director

Malaysian, aged 46, was appointed to the Board on 2 December 1996. He holds an Honour Degree in Law. He is a Barrister-At-Law having been called to the English Bar, and he is a member of Lincoln's Inn. His business activities include hotel development and management, property development, manufacturing involving woodbase, steel and plastic products, warehousing, civil, electrical and telecommunication contractor and the franchising and services sectors. Presently, he sits on the Investment Board for Dewan Usahawan Bumiputera Sarawak. He is the Chairman of the Audit Committee and member of the Nomination and Remuneration Committees.



Ms Katrina Ling Shiek Ngee

Non-Independent Non-Executive Director

Malaysian, aged 27, a Chartered Accountant, was appointed to Board on 13 February, 2001. She graduated with a Bachelor of Commerce (Accounting and Finance) from Monash University Melbourne, Australia in 1999 and is an associate member of the Institute of Chartered Accountants in Australia. She currently works in a public accountant firm and she also sits on the Board of several private companies. She is a member of the Nomination and Remuneration Committees.

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



Haji Awang Mohidin Bin Awang Saman

Independent Non-Executive Director

Malaysian, aged 63, was appointed to the Board on 14 June 2004. He obtained a Diploma in Public and Social Administration from the Victoria University of Manchester, United Kingdom and Diploma in Port Development and Administration from the University of New Orleans, United States of America and also a member of the British Institute of Management. He was an independent and non-executive director in Foreswood Group Berhad from 1 September 1996 to 14 April 2004. He was in Government service for many years and prior to his retirement, he was General Manager of Rajang Port Authority. He is the Chairman of the Nomination and Remuneration Committees and member of the Audit Committee.



Mr Ernest Ho Keng Seng

Alternate to Mr Richard Wee

Malaysian, aged 56, was the founding member of Hubline Berhad since its formation in 1975. He was appointed to the Board as non-executive director on 30 November 1976. He resigned and was appointed as Alternate Director to Mr Richard Wee on 16 June 2005.

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

Note:

- a) None of the Directors has any conflict of interest with the Company and none of the Directors has any convictions for offences within the past 10 years other than traffic offences.
- b) None of the Directors has any shares in the subsidiaries of Hubline Berhad.
- c) Please refer to page 58 for shareholdings of the directors in Hubline.

> > > Statement on Corporate Governance & Other Disclosures

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

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

Set out below is a statement on how the Company has applied the principles and complied with the best practices set out in Part 1 and 2 of the Code.

A. THE BOARD OF DIRECTORS

(i) Duties

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

The Board is responsible for the following:-

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

(ii) Composition

For the financial year ended 30 September 2005, the Board has 6 members comprising:

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

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

(iii) Supply of Information

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

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

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

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

> > > Statement on Corporate Governance & Other Disclosures (contd.)

(iv) Appointments to the Board

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

(v) Re-election of Directors

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

(vi) Directors Training

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

(vii) Directors Remuneration

For the financial year ended 30th September 2005, the Board was directly responsible for setting the policy framework and for making recommendations on remuneration packages and benefits extended to the Chairman and all the Directors.

The Audited Financial Statements in this Annual Report contains the breakdown of the Director's remuneration for the financial year ended 30th September 2005.

B. BOARD COMMITTEES

The Board had established:

(i) The Audit Committee

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

(ii) The Remuneration Committee

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

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

The members of the Remuneration Committee are:

- | | | |
|---|---|----------|
| (1) Haji Awang Mohidin Bin Awang Saman
(Independent Non-executive) | - | Chairman |
| (2) Ms Katrina Ling Shiek Ngee
(Non-independent Non-executive) | - | Member |
| (3) En. Ibrahim Bin Baki
(Independent Non-executive) | - | Member |

The Remuneration Committee met once during the financial year ended 30 September 2005.

> > > Statement on Corporate Governance & Other Disclosures (contd.)

(iii) The Nomination Committee

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

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

The members of the Nomination Committee are:

- | | |
|---|------------|
| (1) Haji Awang Mohidin Bin Awang Saman
(Independent Non-executive) | - Chairman |
| (2) Ms Katrina Ling Shiek Ngee
(Non-independent Non-executive) | - Member |
| (3) En. Ibrahim Bin Baki
(Independent Non-executive) | - Member |

The Nomination Committee met twice during the financial year ended 30th September 2005.

C. RELATIONSHIP WITH SHAREHOLDERS

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

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

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

D. ACCOUNTABILITY AND AUDIT

(i) Internal Control

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

(ii) Financial Reporting

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

(iii) Relationship with Auditors

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

The external auditors meet with the Audit Committee to:-

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

Directors' Responsibility Statement

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

> > > Statement on Corporate Governance & Other Disclosures (contd.)

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

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

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

Other Disclosures

Share Buybacks

During the financial year, the Group did not enter into any share buyback transactions.

Options, Warrants or Convertible Securities

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

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

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

Imposition of Sanctions and Penalties

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

Material Contracts

The Board has ensured that as at end of the financial year 30th September 2005 there are no existing material contracts of the Company and subsidiaries involving directors and substantial shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Utilisation of Proceeds

On 27 January 2005, the Company successfully raised RM31.81 million through the private placement of 14,140,600 ordinary shares (10% of the issued and paid-up share capital) of the Company at RM2.25 per share. The proceeds have been utilized as follows:-

	Utilised RM '000
Repayment of bank borrowings	15.74
Working capital	15.63
Exercise expenses	0.44
Total	31.81

Non-Audit Fee

The total amount of non-audit fee paid for the year ended 30th September 2005 amounted to RM11,000

Profit Estimates, Forecast or Projection

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

Profit Guarantees

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

> > > Statement on Internal Control

INTRODUCTION

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

RESPONSIBILITY

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

KEY ELEMENTS OF INTERNAL CONTROL

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

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

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

This statement is made in accordance with a resolution of the Board of Directors dated 6 March 2006.

> > > Audit Committee

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

TERMS OF REFERENCE

Responsibilities and functions of the Audit Committee

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

1. OBJECTIVES

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

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

2. SIZE AND COMPOSITION

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

3. ATTENDANCE AT MEETINGS

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

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

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

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

4. FREQUENCY OF MEETINGS

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

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

5. AUTHORITY

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

> > > Audit Committee (contd.)

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

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

6. REPORTING

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

7. DUTIES AND RESPONSIBILITIES

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

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

8. AUDIT COMMITTEE MEETING

There were 4 Audit Committee meetings held during the financial year ended 30th September 2005. The attendance of each member is as follows:-

Name	Total No. of Meetings	Meetings Attended
1 Ibrahim Bin Baki	4	4
2 Haji Awang Mohidin Bin Awang Saman	4	4
3 Dennis Ling Li Kuang	4	4

9. SUMMARY OF ACTIVITIES

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

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

10. INTERNAL AUDIT FUNCTION

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

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