THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in Hubline Berhad (Company No. 23568-H) ("**Hubline**" or the "**Company**"), you should at once forward this Abridged Prospectus ("**AP**") together with the Notice of Provisional Allotment ("**NPA**") and the Rights Subscription Form ("**RSF**") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue (as defined herein), which is the subject matter of this AP, should be addressed to our Share Registrar, Securities Services (Holdings) Sdn Bhd (Company No. 36869-T), Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

This AP, together with the NPA and RSF are only despatched to our shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 20 September 2012. This AP together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue and these documents complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders (as defined herein) and their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professionals as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue would result in the contravention of any laws of such countries or jurisdictions. Neither Hubline, our Board of Directors nor OSK Investment Bank Berhad (Company No. 14152-V) ("**OSK**") or other experts shall accept any responsibility or liability in the event that any acceptance or renunciation (as the case may be) made by the Entitled Shareholders or their renouncee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the Entitled Shareholders or their renouncee(s) (if applicable) are residents.

A copy of this AP has been registered with the Securities Commission Malaysia ("**SC**"). The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the Rights Issue or securities being offered for investment. A copy of this AP, together with the NPA and RSF has also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents. Investors are advised to note that recourse for false or misleading statements or acts made in connection with this AP are directly available through Sections 248, 249 and 357 of the Capital Markets and Services Act, 2007 ("**CMSA**").

Approval for the Rights Issue has been obtained from Bursa Malaysia Securities Berhad (Company No. 635998-W) ("**Bursa Securities**") vide its letter dated 26 July 2012 for the listing of and quotation for the Rights Shares (as defined herein), Additional Warrants (as defined herein) and the new Hubline Shares to be issued arising from the exercise of the Additional Warrants on the Main Market of Bursa Securities. The official quotation for the Rights Shares and Additional Warrants will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W) that all the Central Depository System accounts of the Entitled Shareholders and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment for the Rights Shares and Additional Warrants have been despatched to them. Approvals for the Rights Issue have also been obtained from the Controller of Foreign Exchange via its letter dated 18 July 2012 and our shareholders at an Extraordinary General Meeting held on 16 August 2012.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of any statements made or opinions expressed herein. The listing of and quotation for the Rights Shares and Additional Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue.

The Board of Directors of Hubline have seen and approved all the documentation relating to this Rights Issue including this AP, together with the NPA and RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statement in these documents false or misleading.

OSK, being the Adviser and Underwriter for this Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED, PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.

HUBLine

HUBLINE BERHAD

(Company No. 23568-H)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF 1,080,378,032 NEW ORDINARY SHARES OF RM0.20 EACH IN HUBLINE BERHAD ("HUBLINE") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.20 EACH HELD IN HUBLINE, TOGETHER WITH 432,151,213 FREE DETACHABLE NEW WARRANTS 2009/2019 ("ADDITIONAL WARRANT(S)") ON THE BASIS OF TWO (2) ADDITIONAL WARRANTS FOR EVERY FIVE (5) RIGHTS SHARES SUBSCRIBED IN HUBLINE AT 5.00 P.M. ON 20 SEPTEMBER 2012, AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE, OF WHICH THE FIRST CALL OF RM0.07 IS PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.13 IS TO BE CAPITALISED FROM HUBLINE'S SHARE PREMIUM AND RETAINED EARNINGS ACCOUNTS ("RIGHTS ISSUE")

Adviser and Underwriter

OSK

OSK Investment Bank Berhad (14152-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	:	Thursday, 20 September 2012 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	:	Friday, 28 September 2012 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	:	Wednesday, 3 October 2012 at 4.00 p.m.
Last date and time for acceptance and payment	:	Monday, 8 October 2012 at 5.00 p.m.*
Last date and time for excess application and payment	:	Monday, 8 October 2012 at 5.00 p.m.*

* or such later date and time as our Board of Directors may determine and announce not less than two (2) Market Days (as defined herein) before the stipulated date and time.

This Abridged Prospectus is dated 20 September 2012

BURSA SECURITIES HAS APPROVED THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, ADDITIONAL WARRANTS AND THE NEW HUBLINE SHARES TO BE ISSUED ARISING FROM THE EXERCISE OF THE ADDITIONAL WARRANTS. THE APPROVAL FROM BURSA SECURITIES SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DELIVERY OF THIS AP SHALL NOT, UNDER ANY CIRCUMSTANCES, CONSTITUTE A REPRESENTATION OR CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF OUR GROUP SINCE THE DATES HEREOF. WE AND OUR ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS AP. THIS AP HAS BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

"Act"	:	Companies Act, 1965 and includes any amendments thereto from time to time
"Additional Undertaking(s)"	:	Irrevocable additional written undertakings from BPSB and RWLH to subscribe or cause to subscribe for additional Rights Shares in the event there are Rights Shares not subscribed by other Entitled Shareholders
"Additional Warrant(s)"	:	432,151,213 free detachable new Warrants 2009/2019 to be issued pursuant to the Rights Issue
"AP"	:	This abridged prospectus dated 20 September 2012
"BaIDS"	:	Bai' Bithaman Ajil Islamic Debt Securities amounting to RM40.0 million, which is due for settlement on 23 December 2012
"BLIT"	:	Bernard Ling Ing Tah
"BNM"	:	Bank Negara Malaysia
"Board"	:	Board of Directors of Hubline
"BPSB"	:	Billion Power Sdn Bhd (Company No. 236464-V)
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
"CDS"	:	Central Depository System
"CDS Account(s)"	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depository) Act 1991 and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
"CLSE"	:	Christine Lau Swee Eng
"CMSA"	:	Capital Markets and Services Act, 2007 and includes any amendments thereto from time to time
"Code"	:	Malaysian Code on Take-Overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
"Deed Poll"	:	Collectively, the deed poll dated 28 September 2009 and the first supplemental deed poll dated 20 January 2012 and where the context so requires, includes any supplemental(s) thereto
"Director(s)"	:	Has the meaning given in Section 2(1) of the CMSA
"DLLK"	:	Dennis Ling Li Kuang
"EGM"	:	Extraordinary General Meeting held on 16 August 2012

"Entitled Shareholder(s)"	:	The shareholders of Hubline whose names appear in our Company's Record of Depositors on the Entitlement Date
"Entitlement Date"	:	Thursday, 20 September 2012 at 5.00 p.m., being the date and time on which the Entitled Shareholders must be registered in the Record of Depositors of Hubline with Bursa Depository in order to be entitled to participate in the Rights Issue
"Entitlement Undertakings"	:	Irrevocable written undertakings from BPSB, DLLK, CLSE and BLIT to subscribe or cause to subscribe for their respective Rights Shares entitlements under the Rights Issue
"EPS"	:	Earnings per share
"First Call"	:	Being the cash call price of RM0.07 per Rights Share payable in full on application in cash by the Entitled Shareholders
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending, as the case may be
"Hubline" or the "Company"	:	Hubline Berhad (Company No. 23568-H)
"Hubline Group" or the "Group"	:	Hubline and its subsidiary companies, collectively
"Hubline Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.20 each in Hubline
"LAT"	:	Loss after tax
"LBT"	:	Loss before tax
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	27 August 2012, being the latest practicable date prior to the printing and despatch of this AP
"LPS"	:	Loss per share
"Market Day(s)"	:	Any day(s) between Monday to Friday (inclusive), excluding public holidays, and any day on which Bursa Securities is open for trading of securities
"MCP/MMTN"	:	Murabahah Commercial Papers/Murabahah Medium Term Notes amounting to RM60.0 million, which is due for settlement on 24 November 2012
"NA"	:	Net assets
"NFC"	:	NFC Shipping Fund B LLC
"NPA"	:	Notice of Provisional Allotment dated 20 September 2012 issued by Hubline, notifying the Entitled Shareholders that his/her Provisional Allotment has been credited into his/her CDS Account

DEFINITIONS (Cont'd)

"OSK" or the "Adviser"	:	OSK Investment Bank Berhad (Company No. 14152-V)
"Outstanding Warrant(s)"	:	1,079,526,521 outstanding Warrants 2009/2019 that have yet to be exercised as at the LPD
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Provisional Allotment"	:	Rights Shares with free Additional Warrants provisionally allotted to the Entitled Shareholders and/or their renouncee(s) (if applicable) pursuant to the Rights Issue
"Record of Depositors"	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
"Rights Issue"	:	Renounceable two-call rights issue of 1,080,378,032 Rights Shares on the basis of one (1) Rights Share for every two (2) existing Hubline Shares held together with 432,151,213 free detachable new Warrants 2009/2019 on the basis of two (2) Additional Warrants for every five (5) Rights Shares subscribed on the Entitlement Date
"Rights Share(s)"	:	1,080,378,032 new Hubline Shares to be issued pursuant to the Rights Issue
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"RSF"	:	Rights Subscription Form issued by Hubline, which is to be used by the Entitled Shareholders, renouncee(s) and other permitted investors to subscribe or accept the Provisional Allotment
"Rules of Bursa Depository"	:	Rules of a central depository as defined in the Securities Industry (Central Depositories) Act, 1991 or any subsequent amendments or enactment thereto
"RWLH"	:	Richard Wee Liang Huat @ Richard Wee Liang Chiat
"SC"	:	Securities Commission Malaysia
"Second Call"	:	Being the second call of RM0.13 per Rights Share, which will be capitalised from our Company's share premium and retained earnings accounts
"Second Supplemental Deed Poll"	:	The second supplemental deed poll to constitute and create the Additional Warrants and supplement the Deed Poll, which was executed by our Company on 3 September 2012
"Share Registrar"	:	Securities Services (Holdings) Sdn Bhd (Company No. 36869-T)
"Underwriter"	:	OSK
"Underwriting Agreement"	:	Underwriting agreement dated 3 September 2012 relating to the Rights Issue
"VWAP"	:	Volume weighted average market price

DEFINITIONS (Cont'd)

"Warrant(s) 2009/2019"	:	Warrants 2009/2019 as constituted by the Deed Poll, which will expire on 4 November 2019, which includes the Outstanding Warrants and where the context so requires the Additional Warrants

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this AP shall be a reference to Malaysian time, unless otherwise specified.

All references to "our Company" and "Hubline" in this AP are to Hubline Berhad, references to "our Group" are to our Company and our subsidiary companies and references to "we", "us", "our" and "ourselves" are to our Company, and save where the context otherwise require, our subsidiary companies.

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APPENDICES

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Nationality	Occupation
Dennis Ling Li Kuang *(Executive Chairman/ Chief Executive Officer)*	No. 65, Jalan Tabuan 93100 Kuching Sarawak	Malaysian	Chartered Accountant/ Company Director
Richard Wee Liang Huat @ Richard Wee Liang Chiat *(Independent Non-Executive Director)*	No. 33, Jalan Ong Hup Leong 93200 Kuching Sarawak	Malaysian	Company Director
Christine Lau Swee Eng *(Non-Independent Non-Executive Director)*	No. 65, Jalan Tabuan 93100 Kuching Sarawak	Malaysian	Company Director
Haji Ibrahim bin Haji Baki *(Independent Non-Executive Director)*	74A, Jalan Muhibbah 93400 Kuching Sarawak	Malaysian	Company Director
Katrina Ling Shiek Ngee *(Non-Independent Non-Executive Director)*	No. 65, Jalan Tabuan 93100 Kuching Sarawak	Malaysian	Company Director
Haji Awang Mohidin bin Awang Saman *(Independent Non-Executive Director)*	Lot 590, Lorong C Rancangan Kampung Berelompok 98850 Lawas Sarawak	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Richard Wee Liang Huat @ Richard Wee Liang Chiat	Chairman	Independent Non-Executive Director
Haji Ibrahim bin Haji Baki	Member	Independent Non-Executive Director
Katrina Ling Shiek Ngee	Member	Non-Independent Non-Executive Director

COMPANY SECRETARY : Yeo Puay Huang (LS 0000577)
453, Jalan Jelutong
93350 Kuching
Sarawak

REGISTERED OFFICE / CORPORATE OFFICE : Wisma Hubline
Lease 3815 (Lot 10914)
Section 64, KTLD
Jalan Datuk Abang Abdul Rahim
93450 Kuching, Sarawak
Tel : (6082) 335 393
Website: http://www.hubline.com

CORPORATE DIRECTORY (Cont'd)

SHARE REGISTRAR	:	Securities Services (Holdings) Sdn Bhd Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Tel: 603 – 2084 9000 Fax: 603 – 2094 9940 / 2095 0292
AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs Ernst & Young (AF: 0039) Chartered Accountants 3rd Floor, Wisma Bukit Mata Kuching Jalan Tunku Abdul Rahman 93100 Kuching, Sarawak
PRINCIPAL BANKERS	:	Affin Investment Bank Berhad 27th Floor, Menara Boustead 69, Jalan Raja Chulan 50200 Kuala Lumpur
	:	Bank Muamalat Malaysia Berhad Menara Bumiputra 21, Jalan Melaka 50913 Kuala Lumpur
	:	CIMB Bank Berhad 6th Floor, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching, Sarawak
	:	Hong Leong Bank Berhad No. 42, Jalan Pending 93450 Kuching, Sarawak
	:	HSBC Bank Malaysia Berhad 2, Leboh Ampang 50100 Kuala Lumpur
	:	RHB Bank Berhad 2nd Floor, Lot 363, Jalan Kulas 93400 Kuching, Sarawak
	:	United Overseas Bank Berhad 1-3, Main Bazaar 93000 Kuching, Sarawak
	:	PT Bank Muamalat Indonesia G23, Ground Floor Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur

CORPORATE DIRECTORY (Cont'd)

SOLICITORS	:	Messrs Tan, Goh & Associates Unit 825, 8th Floor, Block A, Lift Lobby 7 Damansara Intan, No. 1 Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan
ADVISER AND UNDERWRITER	:	OSK Investment Bank Berhad 20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur
STOCK EXCHANGE LISTING AND LISTING SOUGHT	:	Main Market of Bursa Securities

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HUBLine

HUBLINE BERHAD

(Company No. 23568-H)
(Incorporated in Malaysia under the Companies Act, 1965)

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

20 September 2012

Board of Directors:

Dennis Ling Li Kuang	*(Executive Chairman/Chief Executive Officer)*
Richard Wee Liang Huat @ Richard Wee Liang Chiat	*(Independent Non-Executive Director)*
Christine Lau Swee Eng	*(Non-Independent Non-Executive Director)*
Haji Ibrahim Bin Haji Baki	*(Independent Non-Executive Director)*
Katrina Ling Shiek Ngee	*(Non-Independent Non-Executive Director)*
Haji Awang Mohidin Bin Awang Saman	*(Independent Non-Executive Director)*

To: **The Entitled Shareholders of Hubline Berhad**

Dear Sir/Madam,

RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF 1,080,378,032 RIGHTS SHARES ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING HUBLINE SHARES HELD TOGETHER WITH 432,151,213 FREE DETACHABLE NEW WARRANTS 2009/2019 ON THE BASIS OF TWO (2) ADDITIONAL WARRANTS FOR EVERY FIVE (5) RIGHTS SHARES SUBSCRIBED ON THE ENTITLEMENT DATE

1. INTRODUCTION

The shareholders of Hubline had, at an EGM held on 16 August 2012, approved the Rights Issue. A certified true extract of the ordinary resolutions pertaining to the Rights Issue which was passed at the said EGM, is set out in **Appendix I** of this AP.

Bursa Securities had, vide its letter dated 26 July 2012, given its approval for the listing of and quotation for the Rights Shares and Additional Warrants as well as the new Hubline Shares to be issued arising from the exercise of the Additional Warrants on the Main Market of Bursa Securities.

The approval by Bursa Securities for the Rights Issue is subject to the following conditions:-

No.	Conditions imposed on the Rights Issue	Status of compliance
(i)	Hubline and OSK must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	Noted and to be complied with.
(ii)	Hubline and OSK to inform Bursa Securities upon the completion of the Rights Issue;	To be complied.

No.	Conditions imposed on the Rights Issue	Status of compliance
(iii)	Hubline to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed;	To be complied.
(iv)	Hubline and OSK are required to make the relevant announcements pursuant to Paragraph 6.35(2)(a)&(b) and 6.35(4) of the Listing Requirements;	To be complied.
(v)	Payment of additional listing fees. Hubline is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Warrants 2009/2019 as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied.
(vi)	Hubline is required to ensure full compliance of all the requirements pertaining to the Rights Issue as provided under the Listing Requirements at all times.	Noted and to be complied with.

The official listing of and quotation for the Rights Shares and Additional Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or renouncee(s) have been duly credited and notices of allotment have been despatched to them.

The Controller of Foreign Exchange (via BNM) had, via its letter dated 18 July 2012, approved the issuance of Additional Warrants to the entitled non-resident shareholders and warrantholders of Hubline (as the case may be) pursuant to the Rights Issue.

On 16 August 2012, OSK had, on behalf of our Board, announced that the issue price for the Rights Shares have been fixed at RM0.20 per Rights Share, which shall be payable in two-calls as follows:-

(i) the First Call of RM0.07 per Rights Share shall be payable in full on application in cash; and

(ii) the Second Call of RM0.13 per Rights Share shall be capitalised from our Company's share premium and retained earnings accounts.

The subscribing Entitled Shareholders will not be required to make any further cash payments after the payment for the First Call.

The exercise price of the Additional Warrants will remain at RM0.20 each, in accordance with the terms and conditions of the Deed Poll and the Second Supplemental Deed Poll.

Subsequently, on 3 September 2012, OSK had, on behalf of our Board, announced the Entitlement Date and the other relevant dates pertaining to the Rights Issue.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or OSK.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS AP WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Particulars

The Rights Issue entails an issuance of 1,080,378,032 Rights Shares at an issue price of RM0.20 per Rights Share which will be payable in two-calls on a renounceable basis of one (1) Rights Share for every two (2) existing Hubline Shares held, together with 432,151,213 free detachable Additional Warrants on the basis of two (2) Additional Warrants for every five (5) Rights Shares subscribed on the Entitlement Date.

The Additional Warrants will be immediately detached from the Rights Issue upon issuance and will be separately traded. The Additional Warrants will be issued in a registered form and constituted by the Deed Poll as supplemented by the Second Supplemental Deed Poll.

The free Additional Warrants shall only be issued to the Entitled Shareholders, who subscribes for the Rights Shares pursuant to the Rights Issue. Although the Rights Shares with Additional Warrants are renounceable in full or in part, the Rights Shares and the Additional Warrants are not separately renounceable. Accordingly, the Entitled Shareholders can only renounce or subscribe for their entitlements to the Rights Shares with Additional Warrants in full or in part in the proportion allocated. Any Rights Shares with Additional Warrants not taken up or allotted for any reasons, if any, will be made available for excess application by the other Entitled Shareholders and/or their renouncee(s) (if applicable) in the manner set out in Section 3.8 of this AP.

In determining shareholders' entitlements under the Rights Issue, any fractional Rights Shares arising from the Rights Issue will be disregarded and shall be dealt with in such manner as our Board in its absolute discretion deem fit and expedient, and to be in the best interest of our Company.

As you are an Entitled Shareholder and the Hubline Shares and Warrants 2009/2019 are prescribed securities, your CDS Account will be duly credited with the number of Provisional Allotment which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed in this AP, the NPA notifying you of the crediting of such securities into your CDS Account and the RSF to enable you to subscribe for the Provisional Allotment, as well as to apply for excess Rights Shares with Additional Warrants if you so choose to.

Any dealing in our securities will be subject to, inter-alia, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Additional Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices will be despatched to the successful applicants.

However, a notice of allotment will be despatched to you or your renouncee(s) within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares with Additional Warrants. The Rights Shares and Additional Warrants will then be quoted on the Main Market of Bursa Securities two (2) Market Days after the application for quotation is made to Bursa Securities.

2.2 Cash call and capitalisation of reserves

The issue price of RM0.20 per Rights Share will be payable in two (2) calls. The cash call price of RM0.07 per Rights Share will be payable in full on application in cash. The second call of RM0.13 per Rights Share will be capitalised from our Company's share premium and retained earnings accounts. The subscribing shareholders of Hubline will not be required to make any further cash payment after the payment for the First Call.

Details of the capitalisation for the Second Call, based on our Company's latest audited financial statements for the FYE 30 September 2011 (as adjusted) and the latest unaudited financial statements for the nine (9)-month FPE 30 June 2012 are set out below:-

Company level		Share premium (RM'000)	Retained earnings (RM'000)	Total (RM'000)
Audited as at 30 September 2011		33,371	(128,536)	(95,165)
Add:	*Dividend received from subsidiaries of Hubline*[(1)]	-	*255,000*	*255,000*
Less:	*Capitalisation for the Second Call under the Rights Issue*	*(30,000)*	*(110,449)*	*(140,449)*
Less:	*Estimated expenses for the Rights Issue*	*(650)*	-	*(650)*
After the Rights Issue		**2,721**	**16,015**	**18,736**

Note:-

*(1) Being the net interim dividend received in respect of the FYE 30 September 2012 amounting to RM255.0 million, which was effected via payment as amount due from our two (2) wholly-owned subsidiaries, being Highline Shipping Sdn Bhd ("**Highline**") and Hub Shipping Sdn Bhd ("**Hub Shipping**") as follows:-*

Wholly-owned subsidiaries	*RM'000*	*Date received*
Highline	*4,670*	*15 February 2012*
Highline	*170,330*	*23 March 2012*
Hub Shipping	*80,000*	*23 March 2012*
Total	***255,000***	

The board of directors of Highline and Hub Shipping, together with the Adviser confirms that based on Highline and Hub Shipping's latest audited financial statements for the FYE 30 September 2011, the retained earnings of Highline (including its subsidiaries) and Hub Shipping are adequate for the net interim dividend payment as described above.

*Based on the audited financial statements of our Group as at 30 September 2011, the amount due from subsidiaries was approximately RM381.1 million, of which there were provisions for impairment of approximately RM170.3 million. The provisions for impairment were mainly due to significant financial losses suffered by certain subsidiaries, in particular Whittler Company Ltd ("**Whittler**"), Hub Explorer Sdn Bhd ("**Hub Explorer**") and Chatlink Sdn Bhd ("**Chatlink**") amounting to approximately RM125.3 million, RM12.7 million and RM9.5 million, respectively. The impairment for Whittler was accumulated since the FYE 2008 to FYE 2011 and was mainly due to the losses in Whittler after it took its share of losses in the investment of its Thailand associate companies. Meanwhile, the impairment for Hub Explorer and Chatlink were due to the impairment of vessels which were subsequently disposed-off. At this juncture, the management does not expect any further impairment from these companies.*

Company level	Share premium (RM'000)	Retained earnings (RM'000)	Total (RM'000)
Unaudited as at 30 June 2012	33,239	121,917	155,156
Less: *Capitalisation for the Second Call under the Rights Issue*	*(30,000)*	*(110,449)*	*(140,449)*
Less: *Estimated expenses for the Rights Issue*	*(650)*	-	*(650)*
After the Rights Issue	**2,589**	**11,468**	**14,057**

2.3 Basis of determining the issue price and First Call price of the Rights Shares and the exercise price of the Additional Warrants

As announced on 16 August 2012, our Board has fixed the issue price and First Call price of the Rights Shares at RM0.20 and RM0.07 per Rights Share respectively.

The issue price of RM0.20 per Rights Share was arrived at after taking into consideration the par value of Hubline Shares of RM0.20 each.

The First Call price of RM0.07 per Rights Share was arrived at based on the five (5)-day VWAP of Hubline Shares up to and including 15 August 2012, being the last Market Day immediately preceding the price-fixing date.

The Additional Warrants attached to the Rights Shares will be issued free to the Entitled Shareholders who subscribe for the Rights Shares. The exercise price of the Additional Warrants will remain at RM0.20 each, in accordance with the terms and conditions of the Deed Poll and the Second Supplemental Deed Poll.

Based on the exercise price of RM0.20 per Additional Warrant, the said exercise price represents a premium of approximately 185.71% or RM0.13 to the theoretical ex-rights price of RM0.07, which is equivalent to the five (5)-day VWAP of Hubline Shares up to and including 15 August 2012 of approximately RM0.07, being the last Market Day immediately preceding the price-fixing date.

2.4 Ranking of the Rights Shares and new Shares arising from the exercise of the Additional Warrants

All the Rights Shares to be issued will, upon the allotment and issue, rank *pari passu* in all respects with the existing Hubline Shares, save and except that the Rights Shares will 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 issue of the Rights Shares.

All the new Hubline Shares to be issued arising from the exercise of the Additional Warrants will, upon the allotment and issue, rank *pari passu* in all respects with the existing Hubline Shares, save and except that the new Hubline Shares will 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 issue of the new Hubline Shares.

2.5 Principal terms of the Additional Warrants

Save for the issue date of the Additional Warrants, the Additional Warrants shall have the same terms and conditions as the Outstanding Warrants as set out in the Deed Poll.

The principal terms of the Additional Warrants are as follows:-

Issue size	:	432,151,213 Additional Warrants to be issued in conjunction with the Rights Issue on the basis of two (2) free Additional Warrants for every five (5) Rights Shares successfully subscribed
Form	:	The Additional Warrants to be issued with the Rights Shares will be immediately detached upon allotment and issuance and will be separately traded. The Additional Warrants will be issued in a registered form and constituted by the Deed Poll as supplemented by the Second Supplemental Deed Poll
Exercise Rights	:	Each Additional Warrant carries the entitlement, at any time during the Exercise Period to subscribe for one (1) new Hubline Share at the Exercise Price, subject to the adjustments in accordance with the provisions of the Deed Poll as supplemented by the Second Supplemental Deed Poll
Expiry Date	:	4 November 2019
Exercise Period	:	The Additional Warrants may be exercised at any time commencing on and including the date of issuance of the Additional Warrants up to and including the Expiry Date. Any Additional Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid
Exercise Price	:	The price payable by a warrantholder upon exercise of the Exercise Rights attached to an Additional Warrant being Sen Twenty (RM0.20) or such adjusted price as determined in the Deed Poll and the Second Supplemental Deed Poll
Mode of exercise	:	The registered holder of the Additional Warrants is required to lodge an exercise form, as set out in the Deed Poll and the Second Supplemental Deed Poll, with the Share Registrar, duly completed, signed and stamped together with payment of the Exercise Price by banker's draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia
Board lot	:	For the purposes of trading on Bursa Securities, one (1) board lot of Additional Warrants shall comprise of 100 units of Additional Warrants carrying the rights to subscribe for 100 new Hubline Shares at any time during the Exercise Period, or such denomination as determined by Bursa Securities
Listing status of the Additional Warrants	:	Our Company has obtained the approval from Bursa Securities, vide its letter dated 26 July 2012, for the listing of and quotation for the Additional Warrants and the new Hubline Shares arising from the exercise of the Additional Warrants on the Main Market of Bursa Securities
Ranking of the new Hubline Shares	:	The new Hubline Shares to be issued arising from the exercise of the Additional Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the existing Hubline Shares, save and except that the new Hubline Shares will 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 issue of the new Hubline Shares
Ranking of the new Additional Warrants	:	The new Additional Warrants to be issued shall upon allotment and issue, rank *pari passu* in all respects with the Outstanding Warrants. For avoidance of doubt, the Additional Warrants to be issued shall be identical in all respects with the Outstanding Warrants and so that the same shall be consolidated and form a series with the Outstanding Warrants and shall be governed by the same terms and conditions as constituted by the Deed Poll and the Second Supplemental Deed Poll

Rights of the Additional Warrants	:	The holder of the Additional Warrants is not entitled to any voting right or participation in any forms of distribution and/or offer of further securities in our Company until and unless such holder of the Additional Warrants exercise his/her Additional Warrants for new Hubline Shares during the Exercise Period
Adjustments in the Exercise Price and/or number of Additional Warrants	:	The Exercise Price and/or number of unexercised Additional Warrants may be adjusted by our Board, in consultation with its professional advisers, in the event of alteration to the share capital of our Company, capital distribution or issue of shares or any other events in accordance with the provisions of the Deed Poll and the Second Supplemental Deed Poll
Rights in the event of winding-up, liquidation, compromise and/or arrangement	:	Where a resolution has been passed for a member's voluntary winding-up of our Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one (1) or more companies, then every holder of the Additional Warrants shall be entitled upon and subject to the provisions of the Deed Poll and the Second Supplemental Deed Poll at any time within six (6) weeks after the passing of such resolution for a member's voluntary winding-up of our Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his/her Additional Warrants to our Company, elect to be treated as if he/she had immediately prior to the commencement of such winding-up, compromise or arrangement, exercised the Exercise Rights represented by such Additional Warrants to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of our Company which would be available in liquidation as if he/she had on such date been the holder of the new Hubline Shares to which he/she would have been entitled to pursuant to such exercise
Governing law	:	Laws and regulations of Malaysia

2.6 Details of other corporate exercises

Save for the Rights Issue (which is the subject matter of this AP), our Board confirms that there is no other outstanding corporate exercise that has been announced but not yet completed as at the date of this AP.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

3.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotment, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed together with this AP, the NPA notifying you of the crediting of such Provisional Allotment into your CDS Account and the RSF to enable you to subscribe for the Provisional Allotment, as well as to apply for excess Rights Shares with Additional Warrants if you choose to do so.

3.2 NPA

The Provisional Allotment are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the Provisional Allotment will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. You and/or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

3.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Allotment is at **5.00 p.m. on 8 October 2012**, or such extended date and time as our Board may decide at its absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

3.4 Procedure for full acceptance and payment

Acceptance and payment for the Provisional Allotment by you as an Entitled Shareholder or your renouncee(s) (if applicable) must be made on the RSF enclosed together with this AP and must be completed in accordance with the notes and instructions contained in these documents. Acceptances which do not conform to the terms of this AP, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL ALLOTMENT, EXCESS APPLICATION FOR THE RIGHTS ISSUE AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE RSF AND THE NOTES AND INSTRUCTIONS PRINTED THEREIN CAREFULLY.

You or your renouncee(s) (if applicable) who are accepting the Provisional Allotment are required to fill and complete the RSF in accordance with the notes and instructions provided therein. Each completed and signed RSF together with the relevant payment must be despatched by **ORDINARY POST**, **COURIER** or **DELIVERY BY HAND**, at your own risk, in the self-addressed envelope provided, to our Share Registrar at the following address:-

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel: 603 – 2084 9000
Fax: 603 – 2094 9940 / 2095 0292

so as to arrive not later than **5.00 p.m. on 8 October 2012**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board at its absolute discretion. A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by the Share Registrar for the Rights Issue, you are advised to use one (1) reply envelope for each completed RSF.

One (1) RSF can only be used for acceptance of Provisional Allotment standing to the credit of one (1) CDS Account. Separate RSF must be used for the acceptance of Provisional Allotment standing to the credit of more than one (1) CDS Account. If successful, the Rights Shares with Additional Warrants subscribed by you or your renouncee(s) (if applicable) will be credited into the respective CDS Accounts where the Provisional Allotment is standing to the credit.

You and/or your renouncee(s) (if applicable) should take note that a trading board lot for the Rights Shares with Additional Warrants will comprise 100 Rights Shares and 100 Additional Warrants each respectively. Successful applicants of the Rights Shares will be given free attached Additional Warrants on the basis of two (2) Additional Warrants for every five (5) Rights Shares successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share for every two (2) existing Hubline Shares held. Fractions of a Rights Share and Additional Warrant will be disregarded and shall be dealt with in such manner as our Board in its absolute discretion deem fit and expedient, and to be in the best interests of our Company.

If acceptance and payment for the Provisional Allotment by you and/or your renouncee(s) (if applicable) is not received by our Share Registrar by **5.00 p.m. on 8 October 2012**, being the last date and time for acceptance and payment, or any other extended date and time as may be determined and announced by our Board not less than two (2) Market Days before the stipulated time and date at its discretion, you and/or your renouncee(s) (if applicable) will be deemed to have declined the Provisional Allotment made to you and/or your renouncee(s) and it will be cancelled. Such Rights Shares with Additional Warrants not taken up will be allotted to the applicants applying for excess Rights Shares with Additional Warrants, and subsequently, to the Underwriter, if the Rights Shares with Additional Warrants are not fully taken up by such applicants. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

You and/or your renouncee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (http://www.bursamalaysia.com), our Share Registrar at the address stated above or our registered office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE MADE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "HUBLINE RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH ADDITIONAL WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THEM OR THEIR RENOUNCEE(S) (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

3.5 Procedure for part acceptance

You can accept part of your Provisional Allotment. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share for every two (2) existing Hubline Shares held.

You must complete Part I(A) and II of the RSF by specifying the number of Rights Shares with Additional Warrants which you are accepting and deliver the completed RSF together with the relevant payment to our Share Registrar, in the same manner as set out in **Section 3.4** of this AP.

The portion of the Provisional Allotment that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the Provisional Allotment who have made excess application(s) as set out in **Section 3.8** of this AP and the balance, if any, thereafter to the Underwriter.

3.6 Procedure for sale or transfer of Provisional Allotment

As the Provisional Allotment are a prescribed security, you may sell or transfer all or part of your entitlement to the Rights Shares with Additional Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the Provisional Allotment standing to the credit of your CDS Accounts. To dispose all or part of your entitlement to the Rights Shares with Additional Warrants, you may sell such entitlement on the open market or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling or transferring all or part of your Provisional Allotment, you and/or your renouncee(s) (if applicable) need not deliver any document including the RSF, to any stockbroker. However, you and/or your renouncee(s) (if applicable) must ensure that there is sufficient Provisional Allotment standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

If you have sold or transferred only part of your Provisional Allotment, you may still accept the balance of your Provisional Allotment by completing the RSF. Please refer to **Section 3.4** of this AP for the acceptance and payment.

Purchaser(s) or transferee(s) of the Provisional Allotment may obtain a copy of this AP and the RSF from their stockbrokers or from our Share Registrar as stated above. This AP and RSF are also available on Bursa Securities' website (http://www.bursamalaysia.com).

3.7 Procedure for acceptance by renouncee(s)

Renouncee(s) who wish to accept the Provisional Allotment must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our registered office or from the Bursa Securities' website (http://www.bursamalaysia.com) and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in **Section 3.4** of this AP also applies to renouncee(s) who wish to accept the Provisional Allotment.

RENOUNCEE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS AP AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS AP AND RSF CAREFULLY.

3.8 Procedure for excess application

As an Entitled Shareholder, you and/or your renouncee(s) (if applicable) may apply for excess Rights Shares with Additional Warrants in addition to the Provisional Allotment to you and/or your renouncee(s) by completing Part I(B) of the RSF (in addition to Part I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Additional Warrants applied for) to our Share Registrar at the address set out above, so as to arrive **not later than 5.00 p.m. on 8 October 2012**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board at its absolute discretion.

Payment for the excess Rights Shares with Additional Warrants applied for should be made in the same manner as described above, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed **"A/C PAYEE ONLY"** and made payable to **"HUBLINE EXCESS RIGHTS ISSUE ACCOUNT"** and endorsed on the reverse side with the name, address and CDS Account of the applicant in block letters to be received by our Share Registrar.

Our Board reserves the right to allot the excess Rights Shares with Additional Warrants applied for under Part I(B) of the RSF, in a fair and equitable basis and in such manner as they deem fit and expedient. As such, it is the intention of our Board to allot the excess Rights Shares with Additional Warrants in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to the Entitled Shareholders who have applied for excess Rights Shares with Additional Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, for allocation to the Entitled Shareholders who have applied for excess Rights Shares with Additional Warrants on a pro-rata basis calculated based on the quantum of their respective excess Rights Shares with Additional Warrants applied for;

(iv) fourthly, for allocation to transferee(s) and/or renouncee(s) who have applied for excess Rights Shares with Additional Warrants on a pro-rata basis calculated based on the quantum of their respective excess Rights Shares with Additional Warrants applied for; and

(v) in the event that there are still unsubscribed Rights Shares with Additional Warrants after allocating all the excess Rights Shares with Additional Warrants applied for, the remaining unsubscribed Rights Shares with Additional Warrants will be subscribed by the Underwriter in accordance with the terms and conditions set out in the Underwriting Agreement.

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Additional Warrants applied under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board set out in **Section 3.8(i)-(v)** of this AP are achieved. Our Board also reserves the right to accept the excess Rights Shares with Additional Warrants application, in full or in part, without assigning any reason.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH ADDITIONAL WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED WITH THEIR RIGHTS SHARES WITH ADDITIONAL WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH ADDITIONAL WARRANTS.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH ADDITIONAL WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH ADDITIONAL WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

3.9 Form of issuance

Bursa Securities have already prescribed Hubline's Shares and Warrants 2009/2019 listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and Additional Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights Shares and Additional Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share or warrant certificate shall be issued to you under the Rights Issue. Instead, the Rights Shares with Additional Warrants will be credited directly into your CDS Accounts.

The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the last time and date for acceptance and payment of the Rights Issue.

Any person who intends to subscribe for the Rights Shares with Additional Warrants as a renouncee by purchasing the Provisional Allotment from an Entitled Shareholder will have his Rights Shares with Additional Warrants credited directly as prescribed securities into his CDS Account.

The excess Rights Shares with Additional Warrants, if allotted to the successful applicant who applied for excess Rights Shares with Additional Warrants, will be credited directly as prescribed securities into his CDS Account.

3.10 Laws of foreign jurisdictions

This AP, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue will not be made or offered in any foreign jurisdiction.

Foreign Entitled Shareholders or their renouncee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so.

OSK, other experts, our Company and our Board and officers would not, in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the foreign Entitled Shareholders or their renouncee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders or their renouncee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. OSK, other experts, our Company and our Board and officers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders or renouncee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders or their renouncee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renouncee(s) (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders or their renouncee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders or their renouncee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against us or OSK in respect of their rights and entitlements under the Rights Issue. Such foreign Entitled Shareholders or their renouncee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue.

By signing any of the forms accompanying this AP, the NPA, and the RSF, the foreign Entitled Shareholders or their renouncee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) OSK, other experts, our Company and our Board and officers that:-

(i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renouncee(s) (if applicable) are or may be subject to;

(ii) they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;

(iii) they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) they are aware that the Rights Shares with Additional Warrants can only be transferred, sold or otherwise disposed off, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) they have respectively received a copy of this AP and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Additional Warrants; and

(vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Additional Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Additional Warrants.

Persons receiving this AP, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this AP, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Additional Warrants from any such application by foreign Entitled Shareholders or their renouncee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Additional Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE

Our Board is of the view that the Rights Issue is currently the most appropriate avenue of raising funds for our Group, after taking into consideration, amongst others, the following factors:-

(i) the Rights Issue will enable our Company to raise funds to repay bank borrowings and to reduce the gearing level of our Group;

(ii) the Rights Issue will involve the issuance of new Hubline Shares without diluting the existing shareholders' equity interest, assuming all the shareholders fully subscribe for their respective entitlements;

(iii) the Rights Issue will provide an opportunity for the existing shareholders to further participate in the equity of our Company, and correspondingly in our Group's prospects and future growth;

(iv) the Additional Warrants, which are attached to the Rights Shares, are intended to provide an added incentive to the shareholders to subscribe for their Rights Shares, hence, providing them with the potential capital appreciation arising from the exercise of the Additional Warrants, depending on the future performance of Hubline Shares; and

(v) the Additional Warrants attached to the Rights Shares will enable our Company to raise further proceeds from the equity market as and when any of the Additional Warrants are exercised while at the same time provide our shareholders with the opportunity to increase their equity participation in our Company at a predetermined price over the tenure of the Additional Warrants.

5. UTILISATION OF PROCEEDS

The Rights Issue is expected to raise estimated gross proceeds of approximately RM75.63 million based on the issue price of RM0.20 per Rights Share with a First Call of RM0.07 per Rights Share. The proceeds are expected to be utilised in the following manner:-

Details of utilisation	RM'000	(%)	Timeframe for the utilisation of proceeds
Repayment of bank borrowings[1]	66,500	87.9	Within six (6) months
Working capital purposes[2]	8,476	11.2	Within one (1) year
Estimated expenses in relation to the Rights Issue[3]	650	0.9	Within one (1) month
Total	75,626	100.0	

Notes:-

*(1) The total borrowings of our Group as at the LPD is approximately RM374.40 million, comprising amongst others, the MCP/MMTN and BaIDS with an aggregate net outstanding amount of approximately RM66.5 million (collectively referred to as the "**PDS**"). The MCP/MMTN and the BaIDS are due for settlement on 24 November 2012 and 23 December 2012 respectively. Our Company intends to fully redeem the outstanding PDS by utilising part of the proceeds raised from the Rights Issue.*

(2) The proceeds for working capital will be utilised to finance our Group's day-to-day operations and these expenses include, amongst others, the following:-

Operating expenses	*RM'000*
Bunker and dry docking expenses, fleet maintenance expenses, port charges and etc.	*7,000*
General expenses (i.e. administrative expenses and salaries)	*1,476*
Total	***8,476***

The breakdown of proceeds to be utilised for the working capital is merely an estimate at this juncture, the actual proceeds to be utilised for working capital may differ subject to the operating requirements at the time of utilisation.

(3) If the actual expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than budgeted, the excess will be utilised for working capital purposes.

Pending utilisation of the proceeds from the Rights Issue for the above purposes, the proceeds will be placed in deposits with financial institutions and/or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

The proceeds to be raised from the exercise of the Additional Warrants are dependent on the total number of Additional Warrants to be exercised during the tenure of the Additional Warrants. The proceeds from the exercise of the Additional Warrants will be received on an "*as and when basis*" over the exercise period of the Additional Warrants. The proceeds to be raised upon full exercise of the Additional Warrants based on the exercise price of RM0.20 per Additional Warrant is approximately RM86.43 million. Such proceeds will be utilised for the working capital requirements of our Group.

6. RISK FACTORS

You and/or your renouncee(s) (if applicable) should carefully consider the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for or investing in the Rights Issue.

6.1 Risks relating to our Group

(i) Business and operational risks

Our Company is an investment holding company while our subsidiary companies are principally engaged in the provision of shipping services. Our Group is subject to risks inherent in the shipping industry which includes, but is not limited to increases in the cost of fuel charges, increases in the cost of labour, unforeseen breakdown of vessels and equipment, threat of competition, increases in port tariff, lengthy quarantines and severe weather conditions at land and sea.

Although, our Group seeks to limit these risks through, *inter-alia*, providing good service, maintaining a large client base, maintaining good business relationships, exploring new or additional shipping routes, effective human resource management, close supervision of the shipping line and effective cost control policy, no assurance can be given that any change to these factors will not have a materially adverse effect on our Group's business.

(ii) Fluctuation in freight rates and charter rates

The shipping industry has traditionally experienced fluctuations in freight rates and charter rates, which are in turn dependent on the demand for and supply of shipping capacity. These rate fluctuations may contribute to the volatility of our Group's financial performance where a decrease in demand for shipping services or an increase in supply of shipping capacity may result in an adverse impact on the financial performance of our Group.

The demand for shipping services would depend on factors such as global consumption for goods and services, trade activities, changes in seaborne and other transportation patterns, seasonal and weather conditions, port congestion and political uncertainties. The supply factors would include the total number of vessels in operating condition as well as new vessels to be delivered taking into consideration the tonnage to be scrapped.

Despite the challenging market conditions, we continuously seek to limit and mitigate these risks through the implementation of prudent business strategies, operating in niche/smaller ports and where demand for our services are relatively resilient, putting in place plans to expand in both existing and new markets and maintaining good working relationships with our customers. However, there can be no assurance that fluctuations in freight and charter rates would not have any material adverse impact on our Group's business.

(iii) Unexpected vessel breakdown and accidents

The breakdown of vessels and the occurrence of accidents may result in down-time and substantial cost being incurred. Although we have insured our vessels for damage repair works caused by accidents and certain unforeseeable events, earnings may still be affected should there be prolonged delays in repair works.

However, as our existing fleet of vessels are reasonably well maintained and managed, such unexpected repair costs and downtime should be minimal. In addition, continuous preventive maintenance conducted on our vessels with additional attention to performance and safety will assist us in reducing the occurrence of unexpected repair costs due to breakdowns or accidents. As at the LPD, our Company has not experienced any breakdown of vessels and accidents that had materially affected the business of our Group.

(iv) Borrowings and fluctuations in interest rates

Our Group has borrowings including term loans, bills payable and banker's acceptance, overdraft and revolving credit facilities, hire purchase and Islamic securities comprising the MCP/MMTN and BaIDS. As at the LPD, our Group had total outstanding borrowings of approximately RM374.40 million which are interest-bearing, details of which are disclosed in **Section 10.2** of this AP. As disclosed in **Section 5** of this AP, our Group intends to utilise part of the proceeds from the Rights Issue amounting to approximately RM66.50 million to fully redeem the outstanding PDS. Our Group's finance costs based on the audited accounts as at 30 September 2011 amounted to approximately RM24.78 million. Interest charged on bank borrowings is dependent on prevailing interest rates, and is hence subject to future fluctuations of interest rates which could materially affect our Group's profitability.

In addition, the agreements for loan facilities and securities in relation thereto, contain covenants which may limit our Group's operating and financing flexibility, as certain plans and/or proposals may be restricted or require the consent of the relevant financial institution. A breach of such covenants may result in the termination and/or enforcement of certain provisions granted for the relevant credit facility.

Our Group is aware of such risks, and hence, shall take all necessary precautions to prevent any breach of our financial obligations, whilst adhering to strict financial management practices and prudent cash flow policies. Nevertheless, there can be no assurance that the performance of our Group would remain favourable in the event of any adverse changes in interest rates.

(v) Specific regulations pertaining to the shipping industry

Our Group's operation are affected by a variety of international conventions and regulations as well as national laws in force in the jurisdiction in which our Group operates and in the countries in which our Group's vessels are currently being registered. These conventions and regulations may change in the future. The general shipping industry regulations to which our Group is subject to may be made more stringent including in areas of health, safety, security, environment regulations, port controls as well as antitrust regulation, particularly in respect of the container shipping industry. The impact of these regulations can increase the cost of operating vessels or even preclude the operation of vessels in certain trades, both of which may have a material adverse impact on our Group's profitability.

If local or international regulations applicable to our Group become more stringent in future or additional regulations or control requiring the adoption of new requirements are introduced such that we cannot satisfy in a cost-efficient manner or we are unable to pass all or part of any additional costs to our customers, it may have a material adverse impact on our Group's profitability.

Whilst our Group continues to take measures such as prudent financial management and efficient operating procedures and we continue to review our business development and operational strategies in response to changes in geopolitical and economic conditions and regulations, no assurance can be given that adverse changes in geopolitical and economic conditions and regulations will not materially and adversely affect our Group.

(vi) Dependence on key management

Our Group believes that our continued success will depend to a certain extent upon the abilities and continued efforts of our Directors and key management personnel, who have in-depth knowledge and experience in the industry we currently operate in. To ensure smooth succession planning, efforts have been made by our Company to promote long-term commitment amongst our key management personnel through incentives and opportunities for career development within our Group.

The loss of any of our Directors and/or key members of the senior management without suitable and timely replacement may adversely affect our continued ability to compete effectively in the industry. Our Group's future success will also depend upon our ability to attract and retain skilled personnel. Our Group also continuously reviews our remuneration packages to ensure competitiveness and takes appropriate measures and programmes to attract new personnel as well as to retain existing staff. However, we cannot provide any assurance that the above measures will be successful in attracting and retaining our key management personnel or ensuring a smooth transition should changes occur.

6.2 Risks relating to the Rights Issue

(i) Market price of the Rights Shares and the Additional Warrants

The market price of our Shares is influenced by, amongst others, the prevailing market sentiment, the volatility of the stock market, movements in interest rates and the outlook of the industry which we operate and our financial performance. As such, there can be no assurance that the market price of our Shares upon or subsequent to the listing of the Rights Shares will trade above the First Call of RM0.07 per Rights Share or the issue price of RM0.20 per Rights Share.

The value of the Additional Warrants is dependent upon, amongst others, the market price of our Shares, remaining exercise period of the Additional Warrants, volatility of our share price and potential future payments of dividend. If the market price of our Shares is higher than the exercise price of the Additional Warrants, the Additional Warrants are deemed to be *"in-the-money"* during their exercise period.

Furthermore, you are reminded that should the Additional Warrants expire at the end of its tenure, it will lapse and cease to be valid and hence, will no longer have any value.

(ii) Delay in or abortion of the Rights Issue

There is a risk that the Rights Issue may be aborted or delayed on the occurrence of any one or more of the following events:-

(a) material adverse change of events/circumstances, which are beyond the control of our Company and OSK, arising during the implementation of the Rights Issue;

(b) our Company may not be able to perform our obligations under the Underwriting Agreement and/or to meet the conditions precedent set out in the Underwriting Agreement;

(c) the Underwriter discharges its obligations under the Underwriting Agreement in the event that the terms and conditions in the Underwriting Agreement have not been fulfilled; and

(d) the parties set out in **Section 9** of this AP who have given their irrevocable Entitlement Undertakings and Additional Undertakings under the Rights Issue may not fulfil or be able to fulfil their obligations.

In this respect, our Company will exercise its best endeavours to ensure the successful implementation of the Rights Issue. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue. In the event that the Rights Issue is aborted, our Company will repay without interest all monies received from the applicants in accordance with Section 243 of the CMSA.

(iii) Potential dilution in shareholding

Entitled Shareholders who do not and are not able to accept their Provisional Allotment will have their proportionate ownership and voting interest in our Company reduced and the percentage of our enlarged issued and paid-up share capital represented by their holdings of our Shares will also be reduced accordingly. Pursuant thereto, their proportionate entitlement to any dividends, rights, allotments and/or other distributions that we may declare, make or pay will correspondingly be diluted.

6.3 Other risks

(i) Economic, political and regulatory risks

Our financial and business prospects depend to a certain extent on the development in the political, economic and regulatory front in Malaysia and/or other countries which we have business links with. Amongst the political, economic and regulatory factors are global economic slowdown, war, changes in political leadership, changes in government policy such as introduction of new regulations, changes in interest rates and method of taxation and currency rules.

Although we seek to limit these risks by adopting prudent management and effective operating procedure, there can be no assurance that such economic, political and regulatory uncertainties will not materially affect our Group.

(ii) Forward-looking statements

Certain statements in this AP are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this AP should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

7.1 Overview and prospects of the Malaysian and the global economy

The global economic environment remained challenging in the second quarter, amidst heightened vulnerabilities in several key economies. Growth in the major advanced economies was weighed down by policy and domestic structural concerns. In Asia, economic activity was affected by weaker external demand. In spite of the challenging environment, the Malaysian economy recorded a higher growth of 5.4% in the second quarter of 2012 (First quarter 2012 ("**1Q 12**"): 4.9%), driven by stronger domestic demand, which rose by 13.8% (1Q 12: 9.7%). This was supported by robust growth in the expenditure of both the private and public sectors, while net exports moderated further due to weaker exports and higher imports. On the supply side, most major economic sectors continued to expand, led by the services, manufacturing and construction sectors.

Gross fixed capital formation recorded a stronger growth of 26.1% (1Q 12: 16.1%), amidst increased capital spending by both the private and public sectors. Private investment strengthened further, supported by investment in the domestic-oriented services sub-sectors, oil and gas and manufacturing industries. Expansion in public investment was driven by non-financial public enterprises' capital spending in the transportation, oil and gas and utilities sectors, as well as the Federal Government's development spending on transportation, trade and industry, public utilities and education.

Growth of private consumption registered a strong growth of 8.8% (1Q 12: 7.4%), supported by firm labour market conditions, robust income growth and improved consumer sentiment. In addition, Government initiatives such as financial assistance to the lower income households and Federal Land Development Authority (FELDA) settlers, as well as increases in the salaries and pensions of civil servants also supported the increase in spending. Public consumption increased by 9.4% (1Q 12: 7.3%), led by higher spending on emoluments and supplies and services.

For the Malaysian economy, the strong support provided by domestic demand, underpinned by activities in both the private and public sectors have ensured higher growth amidst the challenging global environment. This trend is expected to be sustained going forward, although downside risks emanating from external developments remain.

The global economic environment remained challenging in the second quarter, due mainly to vulnerabilities in several key economies. Growth in the major advanced economies slowed, weighed down by domestic fiscal adjustments, tight credit conditions and sluggish labour markets. Growth momentum in Asia had also moderated, particularly in the more open economies, reflecting the slowing external demand. Domestic demand in the region however was sustained, attributable to favourable macroeconomic fundamentals and policy support.

Conditions in the international financial markets deteriorated as market confidence was affected by the European sovereign debt crisis and the weakening growth prospects in several of the major economies. Earlier in the quarter, policy uncertainty in Greece and rising concern on the Spanish banking system led to a significant rise in risk aversion. This was reflected by a flight of deposits from some European countries, a decline in global equity markets and increased demand for safe haven and liquidity-related flows. As a result, government bond yields of United States, Germany and Switzerland declined to record low-levels.

Going forward, the global economy faces increasing downside risks, emanating from the developments in several major economies. Policy uncertainty surrounding the European sovereign debt crisis and fiscal issues in the United States are expected to weigh on market sentiments and growth prospects. Asia's growth will be affected by the weakening external environment amid modest growth in People's Republic of China.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2012, BNM)

7.2 Industry Outlook

Based on the Baltic Dry Index ("**BDI**"), freight rates for dry-bulk carriers for the past twelve (12) months prior to the LPD remained volatile with the BDI deteriorating from a high of *2173 points in mid-October 2011 to the lowest point of *647 in early February 2012 before settling at *717 points as at the LPD. Demand for shipping services depends on the demand for commodities and finished goods, which is cyclical and largely correlates to the general economy.

*(Source: *Bloomberg)*

The transport and storage sub-sector grew 5.9% (Fourth quarter 2011 ("**4Q 11**"): 6%) on account of sustained trade activities and passenger travel. During the quarter, the total volume of containers handled at seven major ports increased 6.4% to 5 million twenty-foot equivalent units ("**TEUs**") (4Q 11: 9.9%; 5.1 million TEUs). Port Klang accounted for 49.5% (4Q 11: 47.9%) of total container throughput while Tanjung Pelepas ("**PTP**") handled 37.9% (4Q 11: 39%) of total TEUs.

(Source: Malaysian Economy - First Quarter of 2012, Ministry of Finance, Malaysia)

In the first half of 2011, the transport and storage sub-sector expanded 4.5% (January – June 2010: 8.5%) spurred by sturdy consumption as well as travel and trade-related activities. Continuous capacity expansion, improved efficiency and productivity as well as competitive pricing by industry players in the sea, air and land transport segments also contributed to the improved performance of the sub-sector. In line with sustained economic activity, the sub-sector is expected to grow 5.1% in 2011 (2010: 6.9%).

Port activity remained robust during the first seven months of 2011 attributed to improved trade performance, especially in the Asian region. Container throughput at major ports (Port Klang, PTP, Penang, Kuantan, Johor, Bintulu and Kuching) grew significantly by 10% to 11.4 million TEUs (January – July 2010: 19.6%; 10.3 million TEUs). Growth was also supported by enhanced port infrastructure and facilities coupled with increased productivity and provision of efficient port services at competitive prices.

Port Klang and PTP, the leading container ports in the country, continued to be ranked amongst the world's top 20 container ports. According to Containerisation International, Port Klang and PTP maintained their ranking at 13th and 17th positions, respectively in terms of total TEUs handled in 2010. Meanwhile, during the first seven months of 2011, Port Klang and PTP handled 5.5 million and 4.3 million TEUs (January – July 2010: 5.1 million TEUs; 3.7 million TEUs), accounting for 48.7% and 38.1% of total container throughput (January – July 2010: 49.7%; 36.1%), respectively. In 2011, total container throughput is expected to rise 10.6% to 19.9 million TEUs (2010: 14.7%; 18 million TEUs) following steady external trade performance, particularly in the Asian region.

The number of ship calls at major ports rose 4.9% to 28,939 ships during the first seven months of 2011 (January – July 2010: 5.9%; 27,577 ships), with Port Klang accounting for the largest share at 36.6% of total ship calls, followed by PTP 16.2% (January – July 2010: 37.1%; 13.6%). The better performance was due to various initiatives undertaken to attract more main line operators to the ports. These include upgrading of port infrastructure to accommodate mega vessels, provision of efficient facilities and services to ensure speedy turnaround time as well as strategic partnerships with shipping lines. The outlook of the global shipping industry is, however, anticipated to moderate, particularly due to rising fuel costs and lower freight rates following the oversupply of vessels and softer demand, especially in advanced economies.

(Source: Economic Report 2011/2012, Ministry of Finance, Malaysia)

7.3 Prospects of our Group

Our Group is principally involved in the provision of containerised shipping services, dry bulk, shipping agency and chartering of vessels. Our Group focuses on a niche market serving smaller ports in the Intra-Asian region. The vessels are currently deployed to provide services between ports in Malaysia, Singapore, Brunei, the Philippines, Indonesia, India, Papua New Guinea, Thailand, Cambodia, Yangon and Vietnam. Our Group currently operates twenty (20) container vessels/barges, two (2) bulk carriers and fifteen (15) sets of tugs and barges.

Our Board expects that the economic conditions for both the containerised shipping and dry-bulk sectors to be challenging in view of the uncertain economic environment, particularly the European debt crisis which remains a risk to the global trade patterns. Our Board further anticipates that the freight rates in general will continue to be challenging taking into consideration the excess supply of ships in the trade routes which we currently operates in.

Amid the challenging economic and operating environment, our Board will maintain our prudent approach in utilising the resources of our Group thus focusing on cost efficiency. Nevertheless, our Board also intends to explore opportunities in the market to strengthen our customer base and cater for new demand from both existing and potential customers, as well as explore for potential new trade routes. Our Group's strategy of exploring new trade routes and strengthening our customer base is an on-going process for which no firm timeline has been determined by our Board.

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

The effects of the Rights Issue on our Company's issued and paid-up share capital, NA and gearing, consolidated earnings and EPS, and substantial shareholders' and certain Director's shareholdings are set out below:-

8.1 Issued and paid-up share capital

The proforma effects of the Rights Issue on the issued and paid-up share capital of our Company are as follows:-

Share capital	No. of Shares	*RM
Issued and paid-up share capital as at the LPD	2,174,352,663	434,870,533
Less: Treasury shares held as at the LPD	*(13,596,600)*	*(2,719,320)*
	2,160,756,063	432,151,213
To be issued pursuant to the Rights Issue	*1,080,378,032*	*216,075,606*
After the Rights Issue	**3,241,134,095**	**648,226,819**
To be issued assuming full exercise of the Additional Warrants	*432,151,213*	*86,430,243*
To be issued assuming full exercise of the Outstanding Warrants	*1,079,526,521*	*215,905,304*
Enlarged issued and paid-up share capital	**4,752,811,829**	**950,562,366**

Note:-

* *Rounded up to the nearest RM.*

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8.2 NA and gearing

Based on the audited consolidated balance sheet of our Company as at 30 September 2011 and on the assumption that the Rights Issue had been effected as at that date, the proforma effects of the Rights Issue on the consolidated NA and gearing of our Group are as follows:-

	Audited as at 30-Sept-2011 RM	Proforma I *After the Private Placement RM	Proforma II After Proforma I and the Rights Issue RM	Proforma III After Proforma II and assuming full exercise of the Warrants 2009/2019 RM
Share capital	334,747,048	382,058,225	585,169,295	953,281,685
Share premium	33,371,024	33,371,024	(3)(4)2,721,024	2,721,024
Warrant reserve	39,076,804	(2)52,812,307	(2)65,776,843	-
Treasury shares	(4,192,396)	(4,192,396)	(4,192,396)	(4,192,396)
Other reserves	(29,609,399)	(29,609,399)	(29,609,399)	(29,609,399)
Retained earnings	111,057,579	111,057,579	(3)608,435	608,435
Shareholders' equity/ NA	**484,450,660**	**545,497,340**	**620,473,802**	**922,809,349**
No. of Hubline Shares(1)	1,855,522,663	2,160,756,063	3,241,134,095	4,752,811,829
NA per Hubline Share	**0.26**	**0.25**	**0.19**	**0.19**
Borrowings	517,705,134	517,705,134	(5)451,205,134	451,205,134
Gearing (times)	**1.07**	**0.95**	**0.73**	**0.49**

Notes:-

* *As announced on 31 May 2012, a total of 305,233,400 placement Shares together with 457,850,100 additional Warrants 2009/2019 were placed out at an issue price of RM0.20 per placement Share.*

(1) *Excluding 13,596,600 Hubline Shares held as treasury shares as at the LPD.*

(2) *For illustration purposes, after adjusting for the theoretical fair-value of RM0.03 per Additional Warrant, which was arrived at based on the five (5)-day VWAP of the Warrant 2009/2019 up to and including 8 June 2012, being the last Market Day prior to the announcement of the Rights Issue.*

(3) *After capitalisation for the Second Call from our Company's share premium and retained earnings accounts.*

(4) *After deducting the estimated expenses of RM650,000 relating to the Rights Issue.*

(5) *Assuming the repayment of the PDS of RM66.5 million derived from the proceeds of the Rights Issue as disclosed in **Section 5** of this AP.*

8.3. Substantial shareholders' and certain Director's shareholdings

The proforma effects of the Rights Issue on the substantial shareholders' and certain Director's shareholdings as stated in **Section 9** of this AP in Hubline are set out below:-

Assuming full subscription by the Entitled Shareholders of their respective entitlements

	Shareholdings as at the LPD				Proforma I After the Rights Issue				Proforma II Assuming full exercise of the Additional Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%
Substantial shareholders												
BPSB	363,169,338	16.81	-	-	544,754,007	16.81	-	-	617,387,875	16.81	-	-
NFC	123,900,000	5.73	-	-	185,850,000	5.73	-	-	210,630,000	5.73	-	-
Directors												
DLLK	22,250,000	1.03	(1)63,205,716	2.93	33,375,000	1.03	(1)94,808,574	2.93	37,825,000	1.03	(1)107,449,717	2.93
CLSE	54,482,316	2.52	(2)30,973,400	1.43	81,723,474	2.52	(2)46,460,100	1.43	92,619,937	2.52	(2)52,654,780	1.43
RWLH	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

* *Excluding 13,596,600 Hubline Shares held as treasury shares as at the LPD.*

(1) *Deemed interest by virtue of shareholdings held by his spouse, CLSE and his son, BLIT.*

(2) *Deemed interest by virtue of shareholding held by her spouse, DLLK and her son, BLIT.*

<u>Assuming only the following Entitled Shareholders and certain Directors subscribe for their respective Entitlement Undertakings and Additional Undertakings</u>

	Shareholdings as at the LPD				Proforma I After the Rights Issue				Proforma II Assuming full exercise of the Additional Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%
<u>Substantial shareholders</u>												
BPSB	363,169,338	16.81	-	-	744,754,007	22.98	-	-	897,387,875	24.43	-	-
NFC	123,900,000	5.73	-	-	123,900,000	3.82	-	-	123,900,000	3.37	-	-
<u>Directors</u>												
DLLK	22,250,000	1.03	(1)63,205,716	2.93	33,375,000	1.03	(1)94,808,574	2.93	37,825,000	1.03	(1)107,449,717	2.93
CLSE	54,482,316	2.52	(2)30,973,400	1.43	81,723,474	2.52	(2)46,460,100	1.43	92,619,937	2.52	(2)52,654,780	1.43
RWLH	-	-	-	-	500,000,000	15.43	-	-	700,000,000	19.06	-	-

Notes:-

* *Excluding 13,596,600 Hubline Shares held as treasury shares as at the LPD.*

(1) *Deemed interest by virtue of shareholdings held by his spouse, CLSE and his son, BLIT.*

(2) *Deemed interest by virtue of shareholding held by her spouse, DLLK and her son, BLIT.*

8.4 Earnings and EPS

The Rights Issue is not expected to have any material effect on the earnings of our Group for the FYE 30 September 2012 and the FYE 30 September 2013.

However, the EPS of our Company may be diluted as a result of the increase in the number of Hubline Shares in issue after the Rights Issue and as and when the Additional Warrants is exercised into new Hubline Shares.

8.5 Convertible securities

As at the LPD, save for the 1,079,526,521 Outstanding Warrants, Hubline does not have any other convertible securities.

9. IRREVOCABLE UNDERTAKING AND UNDERWRITING AGREEMENT

Our Company had procured written irrevocable Entitlement Undertakings from BPSB, DLLK, CLSE and BLIT respectively on 11 June 2012, to subscribe or cause to subscribe in full for their respective Rights Shares entitlements under the Rights Issue.

In addition, BPSB and RWLH had respectively also provided Additional Undertakings on 11 June 2012 to subscribe or cause to subscribe for up to 200,000,000 Rights Shares and up to 500,000,000 Rights Shares respectively, in the event of under subscription.

The details of the Entitlement Undertakings and Additional Undertakings are set out as below:-

	As at the LPD		Entitlement Undertakings	Additional Undertakings	Total Rights Shares to be subscribed pursuant to the Entitlement Undertakings and Additional Undertakings	
	No. of Shares	(1)%	No. of Rights Shares	No. of Rights Shares	No. of Shares	(2)%
Substantial shareholder						
BPSB	363,169,338	16.81	181,584,669	200,000,000	381,584,669	35.32
Directors						
DLLK	22,250,000	1.03	11,125,000	-	11,125,000	1.03
CLSE	54,482,316	2.52	27,241,158	-	27,241,158	2.52
RWLH	-	-	-	500,000,000	500,000,000	46.28
Shareholder						
BLIT	8,723,400	0.40	4,361,700	-	4,361,700	0.40

Notes:-

(1) Excluding 13,596,600 Hubline Shares held as treasury shares at the LPD.

(2) Percentage calculated based on 1,080,378,032 Rights Shares available for subscription under the Rights Issue.

Accordingly, BPSB, DLLK, CLSE, BLIT and RWLH have confirmed vide their letters dated 11 June 2012, that they have sufficient financial resources to subscribe or cause to subscribe for their respective Rights Shares entitlements and/or their Additional Undertakings (where applicable) under the Rights Issue. All the said confirmations have been verified by OSK, the Adviser for the Rights Issue.

Pursuant to the Underwriting Agreement, OSK, the Underwriter, has agreed to underwrite up to 156,065,505 Rights Shares, representing 14.45% of the total Rights Shares to be issued which are not subject to the Entitlement Undertakings and the Additional Undertakings mentioned above.

The underwriting commission is 2.0% of the value of the underwritten Rights Shares based on the First Call price. The underwriting commission payable to the Underwriter will be fully borne by us.

After taking into consideration the above Entitlement Undertakings and Additional Undertakings and the underwriting arrangement, our Board confirms that the abovementioned shareholders' subscription of the Rights Shares will not give rise to any mandatory general offer obligations pursuant to the Code. In addition, BPSB, DLLK, CLSE, BLIT and RWLH had also given their confirmation to observe and comply at all times with the provision of the Code.

The Rights Issue will not be undertaken on a minimum subscription basis.

10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

10.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue, cash in hand and banking facilities available, our Group will have adequate working capital to meet our current core business requirements due within a period of twelve (12) months from the date of this AP.

10.2 Borrowings

As at the LPD, our Group had total outstanding borrowings of approximately RM374.40 million, all of which are interest-bearing, details of which are as follows:-

	^Total (RM'000)
Short term borrowings:-	
Bank overdrafts and revolving credits*	56,782
Bills payable and bankers' acceptance*	73,701
Term loans*	38,376
Hire purchase liabilities*	12,056
MCP/MMTN* and BaIDS*	66,500
	247,415
Long term borrowings:-	
Term loans*	67,336
Hire purchase and finance lease payables*	59,647
	126,983
Total	**374,398**

Notes:-

^ *The above figures have not been audited.*
* *Floating rate (effective interest rates ranging from 2.55% to 8.10% per annum as at the LPD).*

As at the LPD, our Group has term loans of approximately United States Dollar ("**USD**") 19.79 million (equivalent to approximately RM61.82 million based on the exchange rate of USD1 = RM3.1240), which forms part of our Group's long term borrowings. Apart from that, our Group has no other borrowings in foreign currency.

There has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 30 September 2011 and for the subsequent financial period up to the LPD.

10.3 Contingent liabilities and material commitments

10.3.1 Contingent liabilities

Save as disclosed below, as at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact in the financial results/position of our Group:-

	RM'000
Corporate guarantees given to financial institutions and third parties for credit facilities provided to subsidiaries	109,195

10.3.2 Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial results/position of our Group.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares with Additional Warrants pursuant to the Rights Issue is governed by the terms and conditions as set out in this AP, NPA and RSF enclosed herewith.

12. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
HUBLINE BERHAD

DENNIS LING LI KUANG
Executive Chairman/Chief Executive Officer

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 16 AUGUST 2012

HUBLINE BERHAD

(Company No. 23568-H)

An Extract from the Minutes of the Extraordinary General Meeting of Hubline Berhad ("Hubline" or the "Company") held at Dewan Perpaduan 1, 1st Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg, 93000 Kuching, Sarawak on Thursday, 16 August 2012 at 11.30 a.m.

ORDINARY RESOLUTION I

PROPOSED RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF 1,080,378,032 NEW ORDINARY SHARES OF RM0.20 EACH IN HUBLINE ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.20 EACH HELD IN HUBLINE ("HUBLINE SHARE(S)" OR "SHARE(S)") TOGETHER WITH 432,151,213 FREE DETACHABLE NEW WARRANTS 2009/2019 ("WARRANT(S) 2009/2019") ("ADDITIONAL WARRANT(S)") ON THE BASIS OF TWO (2) ADDITIONAL WARRANTS FOR EVERY FIVE (5) RIGHTS SHARES SUBSCRIBED, ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE")

Ordinary Resolution I was proposed by Ms. Dolly Hon Lip Ping and seconded by Ms.Liew Shu Fong.

RESOLVED :

THAT, subject to and conditional upon the approvals of all relevant authorities being obtained, the Board of Directors of Hubline ("**Board**") be and is hereby authorised to:-

i) provisionally issue and allot by way of a renounceable rights issue of 1,080,378,032 Rights Shares together with 432,151,213 free Additional Warrants at an indicative issue price of RM0.20 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Hubline Shares held, together with two (2) Additional Warrants for every five (5) Rights Shares subscribed , of which the first call at the indicative price of RM0.07 per Rights Share will be payable in cash on application and the second call at the indicative amount of RM0.13 per Rights Share will be capitalized from the Company's share premium and retained earnings, for such purpose and utilization of proceeds as disclosed in the Circular to shareholders of the Company dated 1 August 2012 ("**Circular**") and to the shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board;

ii) determine the final issue price, first call price and the second call amount of the Rights Shares after taking into consideration, amongst others, the par value of Hubline Shares, the prevailing market conditions, the historical share price movement of Hubline Shares and the total share premium and retained earnings of the Company prior to the price-fixing date to be determined later by the Board;

iii) capitalize up to RM 30.0 million from the Company's share premium and up to RM110.5 million from the Company's retained earnings and to utilize such capitalized sums in making payment for the second call amount of the Rights Shares;

HUBLINE BERHAD

(Company No. 23568-H)

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iv) enter into and execute the second supplemental deed poll ("**Second Supplemental Deed Poll**") and to do all acts, deeds and things as he may deem fit or expedient in order to implement, finalise and give full effect to the aforesaid Second Supplemental Deed Poll;

v) allot and issue any such additional Warrants 2009/2019 as may be required or permitted to be issued as a consequence of the adjustments under the provisions in the deed poll executed by the Company dated 28 September 2009, the first supplemental deed poll dated 20 January 2012 and the Second Supplemental Deed Poll to be executed by the Company (collectively referred to as the "**Deed Poll**") ("**Adjustment Warrants**(s)");

THAT, the Board be and is hereby authorized to deal with any fractional entitlements of the Rights Shares, unsubscribed Rights Shares, Additional Warrants and Adjustment Warrants that may arise from the Proposed Rights Issue, in a fair and equitable manner as they shall in their absolute discretion deem fit and expedient and is in the best interest of the Company;

THAT, such Additional Warrants and Adjustment Warrants are constituted by the terms and conditions of the Deed Poll;

THAT, the Company shall allot and issue such appropriate number of new Hubline Shares arising from the exercise by the holders of Additional Warrants and Adjustment Warrants in accordance with the provisions in the Deed Poll;

THAT, the new Hubline Shares to be issued arising from the exercise of the Additional Warrants and Adjustment Warrants shall, upon the allotment and issue, rank *pari passu* in all respects with the existing Hubline Shares, save and except that the Rights Shares will 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 issue of the Rights Shares;

THAT, the Additional Warrants and Adjustment Warrants to be issued shall upon, allotment and issue, rank *pari passu* in all respects with the outstanding Warrants 2009/2019;

AND THAT, the Board be and is hereby authorized to take all such necessary steps to give effect to the Proposed Rights Issue with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue.

HUBLINE BERHAD

(Company No. 23568-H)

An Extract from the Minutes of the Extraordinary General Meeting of Hubline Berhad ("Hubline" or the "Company") held at Dewan Perpaduan 1, 1st Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg, 93000 Kuching, Sarawak on Thursday, 16 August 2012 at 11.30 a.m.

ORDINARY RESOLUTION II

PROPOSED ALLOTMENT TO RICHARD WEE LIANG HUAT @ RICHARD WEE LIANG CHIAT ("RWLH") FOR UP TO 500,000,000 RIGHTS SHARES TOGETHER WITH UP 200,000,000 FREE ADDITIONAL WARRANTS IN THE EVENT OF UNDERSUBSCRIPTION OF THE PROPOSED RIGHTS ISSUE ("PROPOSED ALLOTMENT")

Ordinary Resolution II was proposed by Ms. Liew Shu Fong and seconded by Ms. Dolly Hon Lip Ping.

RESOLVED :

THAT, subject to the passing of Ordinary Resolution I above and the approvals of all relevant authorities being obtained, the Company and the Board be and is hereby authorised to issue and allot up to 500,000,000 Rights Shares together with up to 200,000,000 free Additional Warrants to RWLH, an Independent Non-Executive Director of the Company, in the event there are Rights Shares not subscribed by the other entitled shareholders arising from the Proposed Rights Issue upon such terms and conditions and on the basis as disclosed in the Circular.

CERTIFIED TRUE EXTRACT

EXECUTIVE CHAIRMAN
LING LI KUANG

SECRETARY
YEO PUAY HUANG
(LS 0000577)

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia on 12 May 1975 under the Act as a private limited company under the name of Bintulu Holdings Sendirian Berhad. We subsequently changed our name to Eastern Oxygen Sendirian Berhad on 14 May 1976. On 27 December 1994, we converted to a public limited company and changed our name to EOX Group Berhad on 1 March 2000. On 9 February 2001, our Company transferred our listing from the Second Board to the Main Board of Bursa Securities (presently known as the Main Market of Bursa Securities) and changed our name to Hubline Berhad on 1 April 2004.

The principal activities of our Company are that of investment holding and provision of management services. The principal activities of our subsidiary companies are investment holding, trading, shipping services, shipping agent, ship owner and charterer and provision of marine cargo handling services. Further details of the principal activities of our subsidiary companies are set out in **Section 6** of this Appendix II.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are as follows:-

Type	No. of Shares	Par value (RM)	Total (RM)
Authorised	5,000,000,000	0.20	1,000,000,000.00
Issued and fully paid-up	*2,174,352,663	0.20	434,870,532.60

Note:-

* *Including 13,596,600 Hubline Shares held as treasury shares as at the LPD.*

3. CHANGES IN SHARE CAPITAL

Details of the changes in our authorised and issued paid-up share capital for the last three (3) years up to and including the LPD are set out below:-

3.1 Authorised share capital

Date of creation	No. of Shares created	Total created (RM)	Cumulative (RM)
20.01.2012	2,500,000,000	500,000,000	1,000,000,000

3.2 Issued and paid-up share capital

Date of allotment	No. of shares allotted	Par value (RM)	Consideration/ Type of issue	Cumulative (RM)
05.11.2009	621,676,421	0.20	Rights issue	373,823,852.60
26.01.2012	20,000,000	0.20	Private placement	377,823,852.60
30.01.2012	15,000,000	0.20	Private placement	380,823,852.60
02.02.2012	10,000,000	0.20	Private placement	382,823,852.60
03.02.2012	24,000,000	0.20	Private placement	387,623,852.60
13.02.2012	20,000,000	0.20	Private placement	391,623,852.60
16.02.2012	15,000,000	0.20	Private placement	394,623,852.60
20.02.2012	5,000,000	0.20	Private placement	395,623,852.60
21.02.2012	10,000,000	0.20	Private placement	397,623,852.60
27.02.2012	11,000,000	0.20	Private placement	399,823,852.60
06.03.2012	16,500,000	0.20	Private placement	403,123,852.60
14.03.2012	15,000,000	0.20	Private placement	406,123,852.60
26.03.2012	20,000,000	0.20	Private placement	410,123,852.60
02.04.2012	15,000,000	0.20	Private placement	413,123,852.60
20.04.2012	46,000,000	0.20	Private placement	422,323,852.60
07.05.2012	25,000,000	0.20	Private placement	427,323,852.60
11.05.2012	20,000,000	0.20	Private placement	431,323,852.60
29.05.2012	17,733,400	0.20	Private placement	434,870,532.60

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4. SUBSTANTIAL SHAREHOLDERS

Based on the Register of Substantial Shareholders as at the LPD, the effects of the Rights Issue on the shareholdings of the substantial shareholders of our Company are as follows:-

<u>Assuming full subscription by the Entitled Shareholders of their respective entitlements</u>

	Shareholdings as at the LPD				Proforma I After the Rights Issue				Proforma II Assuming full exercise of the Additional Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%
BPSB	363,169,338	16.81	-	-	544,754,007	16.81	-	-	617,387,875	16.81	-	-
NFC	123,900,000	5.73	-	-	185,850,000	5.73	-	-	210,630,000	5.73	-	-

Note:-

* *Excluding 13,596,600 Hubline Shares held as treasury shares as at the LPD.*

<u>Assuming only the following Entitled Shareholders and certain Directors subscribe for their respective Entitlement Undertakings and Additional Undertakings</u>

Substantial shareholders	Shareholdings as at the LPD				Proforma I After the Rights Issue				Proforma II Assuming full exercise of the Additional Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%
BPSB	363,169,338	16.81	-	-	744,754,007	22.98	-	-	897,387,875	24.43	-	-
NFC	123,900,000	5.73	-	-	123,900,000	3.82	-	-	123,900,000	3.37	-	-

Note:-

* *Excluding 13,596,600 Hubline Shares held as treasury shares as at the LPD.*

5. OUR BOARD OF DIRECTORS

5.1 Details of our Directors

The particulars of our Directors as at the LPD are as follows:-

Name*	Age	Profession	Designation	Address
Dennis Ling Li Kuang	59	Chartered Accountant /Company Director	Executive Chairman/Chief Executive Officer	No. 65, Jalan Tabuan 93100 Kuching Sarawak
Richard Wee Liang Huat @ Richard Wee Liang Chiat	53	Company Director	Independent Non-Executive Director	No. 33, Jalan Ong Hup Leong 93200 Kuching Sarawak
Christine Lau Swee Eng	57	Company Director	Non-Independent Non-Executive Director	No. 65, Jalan Tabuan 93100 Kuching Sarawak
Haji Ibrahim bin Haji Baki	53	Company Director	Independent Non-Executive Director	74A, Jalan Muhibbah 93400 Kuching Sarawak
Katrina Ling Shiek Ngee	33	Company Director	Non-Independent Non-Executive Director	No. 65, Jalan Tabuan 93100 Kuching Sarawak
Haji Awang Mohidin bin Awang Saman	69	Company Director	Independent Non-Executive Director	Lot 590, Lorong C Rancangan Kampung Berelompok 98850 Lawas Sarawak

Note:-

* *All Directors are Malaysian.*

5.2 Directors' shareholdings

The proforma effects of the Rights Issue on our Directors' shareholdings as stated in **Section 9** of this AP in Hubline is set out below:-

Assuming full subscription by the Entitled Shareholders of their respective entitlements

Directors	Shareholdings as at the LPD				Proforma I After the Rights Issue				Proforma II Assuming full exercise of the Additional Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%
DLLK	22,250,000	1.03	(1)63,205,716	2.93	33,375,000	1.03	(1)94,808,574	2.93	37,825,000	1.03	(1)107,449,717	2.93
CLSE	54,482,316	2.52	(2)30,973,400	1.43	81,723,474	2.52	(2)46,460,100	1.43	92,619,937	2.52	(2)52,654,780	1.43
RWLH	-	-	-	-	-	-	-	-	-	-	-	-
Haji Ibrahim bin Haji Baki	-	-	-	-	-	-	-	-	-	-	-	-
Katrina Ling Shiek Ngee	-	-	-	-	-	-	-	-	-	-	-	-
Haji Awang Mohidin bin Awang Saman	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

* *Excluding 13,596,600 Hubline Shares held as treasury shares as at the LPD.*

(1) *Deemed interest by virtue of shareholdings held by his spouse, CLSE and his son, BLIT.*

(2) *Deemed interest by virtue of shareholding held by her spouse, DLLK and her son, BLIT.*

Assuming only the following Entitled Shareholders and certain Directors subscribe for their respective Entitlement Undertakings and Additional Undertakings

Directors	Shareholdings as at the LPD				Proforma I After the Rights Issue				Proforma II Assuming full exercise of the Additional Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%	No. of Shares	*%
DLLK	22,250,000	1.03	(1)63,205,716	2.93	33,375,000	1.03	(1)94,808,574	2.93	37,825,000	1.03	(1)107,449,717	2.93
CLSE	54,482,316	2.52	(2)30,973,400	1.43	81,723,474	2.52	(2)46,460,100	1.43	92,619,937	2.52	(2)52,654,780	1.43
RWLH	-	-	-	-	500,000,000	15.43	-	-	700,000,000	19.06	-	-
Haji Ibrahim bin Haji Baki	-	-	-	-	-	-	-	-	-	-	-	-
Katrina Ling Shiek Ngee	-	-	-	-	-	-	-	-	-	-	-	-
Haji Awang Mohidin bin Awang Saman	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

* *Excluding 13,596,600 Hubline Shares held as treasury shares as at the LPD.*

(1) *Deemed interest by virtue of shareholdings held by his spouse, CLSE and his son, BLIT.*

(2) *Deemed interest by virtue of shareholding held by her spouse, DLLK and her son, BLIT.*

6. SUBSIDIARY COMPANIES

As at the LPD, our Company does not have any associate company. Our subsidiary companies as at the LPD are set out below:-

Subsidiary companies	Date and place of incorporation	Principal activities	Issued and paid-up share capital (RM) *(Unless otherwise stated)*	Effective equity interest %
Highline Shipping Sdn Bhd	28.08.1990 Malaysia	Shipping	16,424,818	100.0
EM Line Sdn Bhd	21.07.1998 Malaysia	Shipping	3,000,000	100.0
EM Carriers Sdn Bhd	27.01.1999 Malaysia	Shipping/Ship Owner	5,000,000	100.0
EM Shipping Sdn Bhd	08.11.1999 Malaysia	Shipping agent	2,000,000	100.0
EM Container Line Sdn Bhd	08.02.1999 Malaysia	Shipping	2,000,000	100.0
Premier Spectrum Sdn Bhd	21.04.2000 Malaysia	Dormant	2	100.0
Hub Shipping Sdn Bhd	25.06.1991 Malaysia	Provision of marine cargo handling and shipping services	2,000,000	100.0
Wonder Link Sdn Bhd	22.04.1992 Malaysia	Investment holding	10,000,000	100.0
Hub Fleet Sdn Bhd	18.03.1997 Malaysia	Shipping	5,000,000	100.0
Hub Explorer Sdn Bhd	21.11.1996 Malaysia	Shipping	4,000,000	100.0
Hub Warrior Sdn Bhd	20.05.1997 Malaysia	Shipping	5,000,000	100.0
Hub Continental Shipping Sdn Bhd	20.05.1997 Malaysia	Ship owner and charterer	5,000,000	100.0
Chatlink Sdn Bhd	02.06.1999 Malaysia	Shipping	100,000	100.0

INFORMATION ON OUR COMPANY (Cont'd)

Subsidiary companies	Date and place of incorporation	Principal activities	Issued and paid-up share capital (RM) *(Unless otherwise stated)*	Effective equity interest %
Patimico Sdn Bhd	06.07.1999 Malaysia	Ship owner and charterer	5,000,000	100.0
Ozlink Sdn Bhd	25.07.2001 Malaysia	Ship owner and charterer	1,000,000	100.0
Malaform Sdn Bhd	06.03.2006 Malaysia	Ship owner	1,000,000	100.0
Whittler Company Ltd	08.01.1998 British Virgin Islands	Provision of marine cargo handling and shipping services, and investment holding	(1)USD1	100.0
Grand Dragon Overseas Ltd	21.03.2006 British Virgin Islands	Vessel chartering and shipping	(1)USD1	100.0
Hub Shipping (PNG) Co Limited	13.06.2007 Papua New Guinea	Ship owner	(2)Kina100,000	100.0
Hubline Logistics Sdn Bhd	05.05.2006 Malaysia	Property Holding	1,500,000	100
Hubline Asia Sdn Bhd	10.11.2010 Malaysia	Ship owner	2	100
Hubline Bulk Sdn Bhd	17.01.2011 Malaysia	Ship owner	2	100
Hubline Carrier Sdn Bhd	17.01.2011 Malaysia	Ship owner	2	100
Hubline Delta Sdn Bhd	17.01.2011 Malaysia	Ship owner	2	100
Hubline Equity Sdn Bhd	17.01.2011 Malaysia	Ship owner	2	100
Hubline Fortune Sdn Bhd	17.01.2011 Malaysia	Ship owner	2	100

INFORMATION ON OUR COMPANY (Cont'd)

Subsidiary companies	Date and place of incorporation	Principal activities	Issued and paid-up share capital (RM) *(Unless otherwise stated)*	Effective equity interest %
Hubline Glory Sdn Bhd	17.01.2011 Malaysia	Ship owner	2	100
Hubline Harbor Sdn Bhd	17.01.2011 Malaysia	Dormant	2	100
Subsidiaries of Highline Shipping Sdn Bhd				
Highline Asia Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Bulk Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Carrier Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Delta Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Equity Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Fortune Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Glory Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Harbour Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Integrated Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Jade Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Kinetic Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Logistics Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0

INFORMATION ON OUR COMPANY (Cont'd)

Subsidiary companies	Date and place of incorporation	Principal activities	Issued and paid-up share capital (RM) *(Unless otherwise stated)*	Effective equity interest %
Highline Mariner Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Navigators Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Oceanic Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Pacific Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Quest Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Reliance Sdn Bhd	10.01.2005 Malaysia	Shipping	100,000	100.0
Highline Strategic Sdn Bhd	06.11.2006 Malaysia	Shipping	100,000	100.0
Highline Trader Sdn Bhd	06.11.2006 Malaysia	Shipping	100,000	100.0
Highline Union Sdn Bhd	28.06.2007 Malaysia	Shipping	100,000	100.0
Highline Vision Sdn Bhd	28.06.2007 Malaysia	Shipping	100,000	100.0
Ever Line Shipping Sdn Bhd	16.07.2004 Malaysia	Shipping	2,484,952	100.0
Ever Line Shipping Co Ltd	02.04.2007 Malaysia	Shipping	(1)USD1	100.0
Many Plus Enterprise Sdn Bhd	24.04.1995 Malaysia	Trading	100,000	100.0
Many Plus Engineering Sdn Bhd	29.04.1997 Malaysia	Services	100,000	100.0

INFORMATION ON OUR COMPANY (Cont'd)

Subsidiary companies	Date and place of incorporation	Principal activities	Issued and paid-up share capital (RM) *(Unless otherwise stated)*	Effective equity interest %
Many Plus Maritime Sdn Bhd	10.12.1998 Malaysia	Dormant	50,000	100.0
Many Plus Enterprise Ltd	25.08.2008 Marshall Islands	General Trading	(1)USD1	100.0
Subsidiary of Wonder Link Sdn Bhd				
Hub Marine Pte Ltd	08.07.1993 Singapore	Shipping agent	(3)SGD3,000,000	100.0
Subsidiary of Hub Shipping Sdn Bhd				
Hubline (China) Limited	19.11.2009 China	Shipping agent	(1)USD225,000	100.0

Notes:-

(1) United States Dollar
(2) Papua New Guinea Kina
(3) Singapore Dollar

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7. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements from the FYE 30 September 2009 to 30 September 2011 and the unaudited consolidated financial statements for the nine (9) months FPE 30 June 2012 are as follows:-

	Audited FYE 30 September			Unaudited nine (9) months FPE 30 June 2012 (RM'000)
	2009 (RM'000)	2010 (RM'000)	2011 (RM'000)	
Revenue	**572,865**	**634,443**	**569,928**	**359,202**
Gross profit	**46,292**	**45,604**	**61,873**	**47,441**
Operating profit before depreciation, amortisation, interest & taxation	**45,263**	**50,211**	**54,267**	**57,487**
Finance costs	(22,816)	(25,190)	(24,775)	(18,121)
Depreciation and amortisation	(38,011)	(45,487)	(48,240)	(34,537)
Operating profit/(loss) before taxation	(15,564)	(20,466)	(18,748)	4,829
Other income	38,959	32,453	15,953	3,962
Non-recurring items	-	-	(87,106)	-
Share of profit/(loss) of associate	(21,811)	(3,133)	-	-
PBT/(LBT)	**1,584**	**8,854**	**(89,901)**	**8,791**
Taxation	(651)	96	18,268	(693)
PAT/(LAT)	933	8,950	(71,633)	8,098
Minority interest	-	-	-	-
Profit/(loss) attributable to equity holders of our Company	**933**	**8,950**	**(71,633)**	**8,098**
Profit margin				
Gross profit margin (%)	8.08	7.19	10.86	13.21
PBT margin (%)	0.28	1.40	#-	2.45
PAT margin (%)	0.16	1.41	#-	2.25
Weighted average number of Shares in issue ('000)	1,263,305	1,812,730	1,855,523	2,019,686
Basic EPS				
Gross EPS/(LPS) (sen)	0.13	0.49	(4.85)	0.44
Net EPS/(LPS) (sen)	0.07	0.49	(3.86)	0.40
Gross dividend per Share (sen)	0.20	-	-	-

Note:-

\# *Not applicable.*

Commentary on financial performance

Unaudited nine (9) months FPE 30 June 2012

For the FPE 30 June 2012, our Group recorded lower revenue of approximately RM359.20 million, representing a decrease of approximately 20% as compared to the revenue recorded in the previous FPE 30 June 2011 of approximately RM448.10 million. The decrease in revenue was mainly attributed to reduction in sales from coal trading and lower contribution from our shipping division.

Despite the decrease in revenue, our Group recorded higher PBT of approximately RM8.79 million in the FPE 30 June 2012 as compared to LBT of RM1.66 million recorded in the FPE 30 June 2011. The LBT recorded in FPE 30 June 2011 was mainly the result of the loss on disposal of vessels and impairment on investment amounting to approximately RM11.35 million and RM8.10 million respectively.

Our Group recorded PAT of approximately RM8.10 million in the FPE 30 June 2012 as compared to PAT of approximately RM17.36 million recorded in the FPE 30 June 2011. The substantial increase in PAT recorded in the FPE 30 June 2011 was mainly due to the recognition of deferred tax assets of approximately RM19.81 million.

FYE 30 September 2011

For the FYE 30 September 2011, our Group recorded lower revenue of approximately RM569.93 million, representing a decrease of approximately 10% as compared to the revenue recorded in the previous financial year of approximately RM634.44 million. The decrease in revenue was mainly attributed to cessation of our coal trading in the first half of 2011.

Despite the decrease in revenue, our Group recorded higher gross profit of approximately RM61.87 million in FYE 30 September 2011 as compared to RM45.60 million in the FYE 30 September 2010. The increase in gross profit was mainly attributable to better profit margin contributed by the dry bulk and container shipping segment and the cessation of coal trading in the FYE 30 September 2011, which commands a lower gross profit margin.

However, our Group recorded LBT and LAT of approximately RM89.90 million and RM71.63 million respectively for the FYE 30 September 2011 as compared to PBT and PAT of approximately RM8.85 million and RM8.95 million recorded in the previous financial year. This was mainly due to the loss on sale of property, plant and equipment of approximately RM20.13 million and provision for impairment for investments, property, plant and equipment of approximately RM58.98 million made in the FYE 30 September 2011.

FYE 30 September 2010

For the FYE 30 September 2010, our Group recorded higher revenue of approximately RM634.44 million, representing an increase of approximately 11% as compared to the revenue recorded in the previous FYE 30 September 2009 of approximately RM572.87 million. In line with the increase in revenue, our Group recorded PAT of approximately RM8.95 million, an increase of approximately 859% from approximately RM0.93 million recorded in the previous financial year.

The increase in revenue and PAT was primarily due to higher cargo volume and better freight rate as a result of more cargo moving to better freight areas. As a result, PBT margin of our Group increased from approximately 0.28% to 1.40% in the FYE 30 September 2010 in line with the improvements in the revenue of our Group.

FYE 30 September 2009

For the FYE 30 September 2009, our Group recorded lower revenue of approximately RM572.87 million, representing a decrease of approximately 28% as compared to revenue recorded in the previous FYE 30 September 2008 of approximately RM800.56 million. The decrease in revenue was mainly attributable to the lower cargo volume especially in trading of coal and declining freight rates as a result of the global economic slowdown.

Our Group recorded lower PBT of approximately RM1.58 million as compared to RM40.27 million recorded in the previous financial year. In line with the decrease in revenue, our Group recorded lower PAT of RM0.93 million as compared to RM34.94 million achieved in the FYE 30 September 2008.

The decrease in PBT and PAT in the FYE 30 September 2009 was mainly due to lower revenue and increase in share of losses in our associate companies in particular, our associate company in Thailand totalling approximately RM19.8 million.

8. HISTORICAL PRICES

The monthly highest and lowest closing market prices of Hubline Shares as traded on Bursa Securities for the past twelve (12) months from September 2011 to August 2012 are set out below:-

	High RM	Low RM
2011		
September	0.095	0.085
October	0.100	0.085
November	0.120	0.095
December	0.095	0.080
2012		
January	0.090	0.080
February	0.105	0.085
March	0.090	0.080
April	0.090	0.080
May	0.080	0.065
June	0.075	0.065
July	0.075	0.065
August	0.070	0.065

The last transacted price of our Shares on 8 June 2012, being the last day on which our Shares were traded, prior to the date of announcement of the Rights Issue, was RM0.065.

The last transacted price of our Shares on 14 September 2012, being the last day on which our Shares were traded, prior to the ex-date for the Rights Issue, was RM0.060.

The last transacted price of our Shares on 18 September 2012, being the latest practicable date prior to the issuance of this AP, was RM0.060.

(Source: Bloomberg)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 SEPTEMBER 2011 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON

ERNST & YOUNG

Ernst & Young
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Reporting Accountants' Report on Pro Forma Consolidated Statement of Financial Position as at 30 September 2011
(Prepared for inclusion in the Abridged Prospectus to the entitled shareholders in relation to the Right Issue)

11 SEP 2012

The Board of Directors
HUBLINE BERHAD
Wisma Hubline
Lease 3815 (Lot 10914)
Section 64 KTLD
Jalan Datuk Abang Abdul Rahim
93450 Kuching Sarawak

Dear Sirs

HUBLINE BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

We report on the Pro Forma Consolidated Statements of Financial Position of Hubline Berhad ("HB") and its subsidiaries (collectively known as the "HB Group") as at 30 September 2011 as set out in Appendix II of the Abridged Prospectus to the entitled shareholders in connection with the Rights Issue ("AP") (which we have stamped for the purpose of identification), which have been prepared for illustrative purposes only. The Pro Forma Consolidated Statements of Financial Position have been prepared to provide information about how the consolidated statement of financial position of HB Group as at 30 September 2011 might have been affected by the Rights Issue and other transactions as described in the Notes to Pro Forma Consolidated Statement of Financial Position, had the renounceable two-call rights issue of 1,080,378,032 new ordinary shares of RM0.20 each in HB ("Rights Share(s)") on the basis of one (1) Rights Share for every two (2) existing ordinary shares of RM0.20 each held in HB ("HB Share(s)") together with 432,151,213 free detachable new warrants 2009/2019 ("Warrant(s) 2009/2019") ("Additional Warrant(s)") on the basis of two (2) Additional Warrants for every five (5) Rights Shares subscribed, ("Rights Issue") and other transactions had been completed on that date.

The Pro Forma Consolidated Statements of Financial Position, because of its nature, may not be reflective of the HB Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of the HB Group.

ERNST & YOUNG

The report is required by and is given for the purpose of inclusion in the Abridged Prospectus in accordance with the Prospectus Guidelines - Abridged Prospectus ("Abridged Prospectus Guidelines") issued by the Securities Commission Malaysia and for no other purpose.

Responsibilities

It is the sole responsibility of the Board of Directors of HB ("Directors") to prepare the Pro Forma Consolidated Statements of Financial Position as at 30 September 2011 on the basis described in the Notes to the Pro Forma Consolidated Statements of Financial Position, for illustrative purposes only, as required by the Abridged Prospectus Guidelines.

It is our responsibility to form an opinion, as required by the Abridged Prospectus Guidelines, on the proper compilation of the Pro Forma Consolidated Statements of Financial Position as at 30 September 2011 and to report that opinion to you.

In providing this opinion, we are not responsible in updating or refreshing any reports or opinions previously issued by us on any financial information used in the compilation of the Pro Forma Consolidated Statements of Financial Position, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Malaysian Approved Standards on Assurance Engagements, ISAE 3000: *"Assurance Engagements Other Than Audits or Reviews of Historical Financial Information"*. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Consolidated Statements of Financial Position as at 30 September 2011 with the Directors and responsible officers of HB.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Consolidated Statements of Financial Position as at 30 September 2011 have been properly compiled on the basis stated, using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of HB. Our work also involves assessing whether the adjustments made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position as at 30 September 2011 are appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

ERNST & YOUNG

Opinion

In our opinion:

(a) the Pro Forma Consolidated Statements of Financial Position of HB Group as at 30 September 2011, which have been prepared by the Directors, have been properly compiled on the basis stated in the accompanying Notes to the Pro Forma Consolidated Statements of Financial Position using the audited consolidated financial statements of HB Group as at 30 September 2011, which were prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the statements of financial position and the accounting policies of HB; and

(b) the adjustments made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position are appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

Other matters

This report has been prepared for the purposes as stated above and should not be relied on for other purpose. Our work has been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purposes other than the Rights Issue. We accept no duty or responsibility and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the Rights Issue.

Yours faithfully,

Ernst & Young

ERNST & YOUNG
AF: 0039
Chartered Accountants

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

Kuching, Malaysia

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 SEPTEMBER 2011 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Hubline Berhad
(Incorporated in Malaysia)

Pro forma Consolidated Statements of Financial Position as at 30 September 2011

ERNST & YOUNG AF0039
Chartered Accountants Kuching
For identification purposes only.

	Audited as at 30.09.2011 RM	Adjustment RM	Pro forma I After the Private Placement RM	Adjustment RM	Pro forma II After the Pro Forma I and the Rights Issue RM	Adjustment RM	Pro forma III After the Pro Forma II and assuming full Exercise of the Warrants 2009/2019 RM
ASSETS							
Non-current assets							
Property, plant and equipment	583,154,171		583,154,171		583,154,171		583,154,171
Prepaid land lease payments	10,709,009		10,709,009		10,709,009		10,709,009
Intangible assets	87,243,114		87,243,114		87,243,114		87,243,114
Investments in associates	1		1		1		1
Investments securities	4,003,550		4,003,550		4,003,550		4,003,550
Deferred tax assets	19,870,633		19,870,633		19,870,633		19,870,633
	704,980,478		704,980,478		704,980,478		704,980,478
Current assets							
Inventories	31,419,576		31,419,576		31,419,576		31,419,576
Trade and other receivables	191,845,108		191,845,108		191,845,108		191,845,108
Other current assets	10,377,045		10,377,045		10,377,045		10,377,045
Cash and bank balances	124,418,516	61,046,680	185,465,196	75,626,462 (75,626,462)	185,465,196	302,335,547	487,800,743
	358,060,245		419,106,925		419,106,925		721,442,472
TOTAL ASSETS	1,063,040,723		1,124,087,403		1,124,087,403		1,426,422,950

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 SEPTEMBER 2011 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Hubline Berhad
(Incorporated in Malaysia)

Pro forma Consolidated Statements of Financial Position as at 30 September 2011

ERNST & YOUNG AF0039
Chartered Accountants Kuching
For identification purposes only.

	Audited as at 30.09.2011 RM	Adjustment RM	Pro forma I After the Private Placement RM	Adjustment RM	Pro forma II After the Pro Forma I and the Rights Issue RM	Adjustment RM	Pro forma III After the Pro Forma II and assuming full Exercise of the Warrants 2009/2019 RM
EQUITY AND LIABILITIES							
Non-current liabilities							
Loans and borrowings	296,018,142		296,018,142		296,018,142		296,018,142
Deferred tax liabilities	12,328,931		12,328,931		12,328,931		12,328,931
	308,347,073		308,347,073		308,347,073		308,347,073
Current iabilities							
Loans and borrowings	221,686,992		221,686,992	(66,500,000)	155,186,992		155,186,992
Trade and other payables	47,521,836		47,521,836	(8,476,462)	39,045,374		39,045,374
Other current liabilities	680,657		680,657		680,657		680,657
Tax payable	353,505		353,505		353,505		353,505
	270,242,990		270,242,990		195,266,528		195,266,528
Total liabilities	578,590,063		578,590,063		503,613,601		503,613,601
Net assets	484,450,660		545,497,340		620,473,802		922,809,349

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 SEPTEMBER 2011 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Hubline Berhad
(Incorporated in Malaysia)

Pro forma Consolidated Statements of Financial Position as at 30 September 2011

	Audited as at 30.09.2011 RM	Adjustment RM	Pro forma I After the Private Placement RM	Adjustment RM	Pro forma II After the Pro Forma I and the Rights Issue RM	Adjustment RM	Pro forma III After the Pro Forma II and assuming full Exercise of the Warrants 2009/2019 RM
Equity attributable to owners of parent							
Share capital	334,747,048	47,311,177	382,058,225	203,111,070	585,169,295	368,112,390	953,281,685
Share premium	33,371,024		33,371,024	(650,000) (30,000,000)	2,721,024		2,721,024
Warrant reserve	39,076,804	13,735,503	52,812,307	12,964,536	65,776,843	(65,776,843)	-
Treasury shares	(4,192,396)		(4,192,396)		(4,192,396)		(4,192,396)
Other reserves	(29,609,399)		(29,609,399)		(29,609,399)		(29,609,399)
Retained earnings	111,057,579		111,057,579	(110,449,144)	608,435		608,435
	484,450,660		545,497,340		620,473,802		922,809,349
TOTAL EQUITY AND LIABILITIES	1,063,040,723		1,124,087,403		1,124,087,865		1,426,423,412
Net Assets	484,450,660		545,497,340		620,473,802		922,809,349
Number of HB Shares in issue	1,855,522,663		2,160,756,063		3,241,134,095		4,752,811,829
NA per HB Shares (RM)	0.26		0.25		0.19		0.19

Hubline Berhad
(Incorporated in Malaysia)

Notes to Pro forma Consolidated Statements of Financial Position
As at 30 September 2011

1. Basis of preparation

1.1 The Pro Forma Consolidated Statements of Financial Position of HB Group, for which the Directors are solely responsible, have been prepared for illustrative purpose only, to show the effects on the Consolidated Statements of Financial Position of the Group as at 30 September 2011 had the private placements and dividends from subsidiaries by HB as described in Note 2 and 3 respectively and the Rights Issue described in Note 4 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

The Pro Forma Consolidated Statements of Financial Position of HB Group have been compiled using the audited consolidated financial statements of HB Group as at 30 September 2011, which were prepared in accordance with Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the statements of financial position and accounting policies of the HB Group.

1.2 Transaction costs for equity instruments

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The transaction costs of the Rights Issue are allocated to the two-calls using a basis of allocation that is rational and consistent with similar transactions.

2. Private placement

The private placement totalling 305,233,400 ordinary shares of RM0.20 each in HB ("Placement Shares") at the issue price of RM0.20 per Placement Share together with free detachable warrants on the basis of three (3) warrants for every two (2) Placement Shares subscribed totalling 457,850,100 warrants ("Private Placement"). The effect of the transaction cost is not illustrated as the amount is insignificant.

3. Dividends from subsidiaries

As part of the Rights Issue, dividends amounting to RM255 million were declared to HB by two subsidiaries of HB. These dividends declared do not have any effect on the Pro Forma Consolidated Statements of Financial Position.

ERNST & YOUNG AF0039
Chartered Accountants Kuching
For identification purposes only.

Hubline Berhad
(Incorporated in Malaysia)

4. The Rights Issue

The Rights Issue entails a renounceable two-call rights issue of 1,080,378,032 Rights Shares on the basis of one (1) Rights Share for every two (2) existing HB Shares held together with 432,151,213 free detachable new Warrants 2009/2019 on the basis of two (2) Additional Warrants for every five (5) Rights Shares subscribed.

5. The Pro forma Consolidated Statements of Financial Position

5.1 Pro forma I
After the Private Placement

The Pro Forma I incorporates the shares issue pursuant to the Private Placement, totalling 305,233,400 HB Shares at the issue price of RM0.20 per Placement Share together with 457,850,100 free detachable new Warrants 2009/2019 with a proceeds of RM61,046,680.

The fair value of each new Warrant 2009/2019 is assumed to be RM0.03.

5.2 Pro forma II
After Pro forma I and the Rights Issue

The Pro Forma II incorporates the cumulative effects of Pro Forma I, the dividends from subsidiaries, Rights Issue and the utilisation of the proceeds and estimated expenses in relation to the Rights Issue.

The Rights Issue will be payable in two (2) calls. The indicative first call price of RM0.07 per Rights Share will be payable in full on application in cash. The indicative second call of RM0.13 per Rights Share will be capitalised from the HB reserves.

The second-call of the Rights Issue amounting to RM140,449,144 shall be partly capitalised from the share premium account amounting to RM30 million and the remaining of RM110,449,144 shall be capitalised from the retained earnings of HB.

Based on the indicative first call of RM0.07 per Rights Share, the Rights Issue is expected to raise a total gross proceeds of approximately RM75.63 million. The fair value of each Additional Warrant is assumed to be RM0.03.

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Chartered Accountants Kuching
For identification purposes only.

Hubline Berhad
(Incorporated in Malaysia)

5. The Pro forma Consolidated Statements of Financial Position (contd.)

5.2 Pro forma II (contd.)

The proceeds from the Rights Issue by HB will be utilised in the following manner:

	RM
Repayment of bank borrowings	66,500,000
Working capital purposes	8,476,462
Estimated expenses in relation to the Rights Issue	650,000
	75,626,462

5.3 Pro forma III

Pro Forma III incorporates the cumulative effects of Pro Forma I, Pro Forma II and full exercise of Warrants 2009/2019 at the exercise price of RM0.20. The number of Warrants 2009/2019 assumed to be exercised are shown as follows:

Number of warrants issued as at 30 September 2011	621,676,421
Private Placements	457,850,100
Rights Issue	432,151,213
Total	1,511,677,734

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Company No: 23568-H

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

Report on the financial statements

We have audited the financial statements of **Hubline Berhad**, which comprise the statement of financial position as at 30 September 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 106.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

ERNST & YOUNG

Company No: 23568-H

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements being financial statements that have been included in the consolidated financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG

Company No: 23568-H

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

Other matters

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

The supplementary information set out in Note 38 on page 107 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Ernst & Young

ERNST & YOUNG
AF: 0039
Chartered Accountants

CHIN MUI KHIONG PETER
No. 1881/03/12 (J)
Chartered Accountant

Kuching, Malaysia
Date: 30 January 2012

Hubline Berhad
(Incorporated in Malaysia)

Consolidated Statement of Comprehensive Income
For the financial year ended 30 September 2011

	Note	2011 RM	2010 RM
Revenue	4	569,927,941	634,442,927
Cost of sales		(508,054,597)	(588,838,536)
Gross profit		61,873,344	45,604,391
Other income	5	15,953,286	32,453,069
Administrative and other operating expenses		(142,952,324)	(40,880,641)
Finance costs	6	(24,775,329)	(25,190,052)
Share of loss of associates		-	(3,133,018)
Profit before tax	7	(89,901,023)	8,853,749
Income tax expense	10	18,267,939	96,159
(Loss)/profit net of tax attributable to owners of the parent		(71,633,084)	8,949,908
Other comprehensive income			
Net loss on fair value changes on available-for-sale financial assets		(1,291,443)	-
Foreign currency translation		2,326,606	(27,807,378)
Other comprehensive income for the year, net of tax, attributable to owners of the parent		1,035,163	(27,807,378)
Total comprehensive income for the year attributable to owners of the parent		(70,597,921)	(18,857,470)
(Loss)/earnings per share attributable to owners of the parent (sen):			
Basic	11(a)	(3.9)	0.5
Diluted	11(b)	-	-

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

Hubline Berhad
(Incorporated in Malaysia)

Consolidated Statement of Financial Position
As at 30 September 2011

	Note	2011 RM	2010 RM
ASSETS			
Non-current assets			
Property, plant and equipment	13	583,154,171	608,356,545
Prepaid land lease payments	14	10,709,009	10,342,635
Intangible assets	15	87,243,114	87,012,832
Investments in associates	17	1	13,196,637
Investment securities	18	4,003,550	-
Other receivables	20	-	4,535,685
Deferred tax assets	28	19,870,633	2,177,688
		704,980,478	725,622,022
Current assets			
Inventories	19	31,419,576	40,668,208
Trade and other receivables	20	191,845,108	183,825,400
Other current assets	21	10,377,045	10,354,993
Cash and bank balances	22	124,418,516	163,676,448
		358,060,245	398,525,049
TOTAL ASSETS		1,063,040,723	1,124,147,071
EQUITY AND LIABILITIES			
Equity attributable to owners of parent			
Share capital	23	334,747,048	334,747,048
Share premium	23	33,371,024	33,371,024
Warrant reserve	23	39,076,804	39,076,804
Treasury shares	23	(4,192,396)	(4,192,396)
Other reserves	24	(29,609,399)	(30,644,562)
Retained earnings		111,057,579	203,153,521
Total equity		484,450,660	575,511,439
Non-current liabilities			
Loans and borrowings	25	296,018,142	313,272,359
Deferred tax liabilities	28	12,328,931	12,783,935
		308,347,073	326,056,294

Hubline Berhad
(Incorporated in Malaysia)

Consolidated Statement of Financial Position
As at 30 September 2011 (contd.)

	Note	2011 RM	2010 RM
Current liabilities			
Loans and borrowings	25	221,686,992	175,061,254
Trade and other payables	26	47,521,836	46,577,253
Other current liabilities	27	680,657	628,778
Tax payable		353,505	312,053
		270,242,990	222,579,338
Total liabilities		578,590,063	548,635,632
TOTAL EQUITY AND LIABILITIES		1,063,040,723	1,124,147,071

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

Hubline Berhad
(Incorporated in Malaysia)

Consolidated Statement of Changes in Equity
For the financial year ended 30 September 2011

		Attributable to Owners of Parent						
		Non-Distributable					Distributable	
	Note	Share capital (Note 23) RM	Share premium (Note 23) RM	Warrant reserve (Note 23) RM	Treasury shares (Note 23) RM	Other reserves (Note 24) RM	Retained earnings RM	Total equity RM
At 30 September 2010		334,747,048	33,371,024	39,076,804	(4,192,396)	(30,644,562)	203,153,521	575,511,439
Effect of adopting FRS 139		-	-	-	-	-	(20,462,858)	(20,462,858)
At 1 October 2010		334,747,048	33,371,024	39,076,804	(4,192,396)	(30,644,562)	182,690,663	555,048,581
Total comprehensive income		-	-	-	-	1,035,163	(71,633,084)	(70,597,921)
At 30 September 2011		334,747,048	33,371,024	39,076,804	(4,192,396)	(29,609,399)	111,057,579	484,450,660

Hubline Berhad
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Consolidated Statement of Changes in Equity
For the financial year ended 30 September 2011

		Attributable to Owners of Parent						
		Non-Distributable					Distributable	
	Note	Share capital (Note 23) RM	Share premium (Note 23) RM	Warrant reserve (Note 23) RM	Treasury shares (Note 23) RM	Other reserves (Note 24) RM	Retained earnings RM	Total equity RM
At 1 October 2009		249,488,568	35,008,054	-	(2,511,962)	(2,837,184)	197,933,671	477,081,147
Total comprehensive income		-	-	-	-	(27,807,378)	8,949,908	(18,857,470)
Transactions with owners								
Rights issue of shares	23	85,258,480	-	39,076,804	-	-	-	124,335,284
Rights issue expenses	23	-	(1,637,030)	-	-	-	-	(1,637,030)
Treasury shares:								
Purchased	23	-	-	-	(1,671,133)	-	-	(1,671,133)
Transaction costs	23	-	-	-	(9,301)	-	-	(9,301)
Dividend on ordinary shares	12	-	-	-	-	-	(3,730,058)	(3,730,058)
At 30 September 2010		334,747,048	33,371,024	39,076,804	(4,192,396)	(30,644,562)	203,153,521	575,511,439

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

Hubline Berhad
(Incorporated in Malaysia)

Consolidated Statement of Cash Flows
For the financial year ended 30 September 2011

	Note	2011 RM	2010 RM
Cash flows from operating activities			
(Loss)/profit before tax		(89,901,023)	8,853,749
Adjustments for:			
Interest income	5	(1,399,804)	(3,140,213)
Loss/(gain) on disposal of property, plant and equipment, net	7	20,125,806	(2,807,749)
Interest expense	6	24,775,329	25,190,052
Amortisation of intangible assets	7	517,432	56,902
Amortisation and prepaid land lease payments	7	109,275	-
Bad debts recovered	5	-	(7,500)
Property, plant and equipment written off	7	-	797,196
Impairment loss on receivables	7	2,831,390	1,001,918
Reversal of impairment loss on receivables	7	(2,861,340)	(7,283,009)
Impairment loss on property, plant and equipment	7	58,980,457	-
Depreciation of property, plant and equipment	7	47,613,234	45,430,220
Unrealised foreign exchange losses/(gains), net	7	6,432,857	(379,943)
Impairment loss in investment in associates	7	2,340,093	-
Impairment loss in investment securities	7	5,660,013	-
Reversal of impairment losses on investment in associates	7	-	(1,200,000)
Share of loss in associates		-	3,133,018
Operating cash flows before working capital changes		75,223,719	69,644,641
Decrease/(increase) in inventories		6,723,296	(5,040,385)
Increase in receivables		(30,346,990)	(8,410,328)
Decrease in other current asset		1,295,005	-
Increase/(decrease) in payables		944,583	(3,188,308)
Increase in other current liabilities		51,879	-
Cash generated from operations		53,891,492	53,005,620
Interest paid		(24,775,329)	(25,190,052)
Taxes refunded		1,412,690	1,114,760
Taxes paid		(2,984,989)	(4,809,749)
Net cash generated from operating activities		27,543,864	24,120,579

Hubline Berhad
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Consolidated Cash Flow Statement
For the financial year ended 30 September 2011 (contd.)

	Note	2011 RM	2010 RM
Cash flows from investing activities			
Software development costs incurred		(747,714)	(2,372,938)
Purchase of property, plant and equipment		(122,908,748)	(103,233,930)
Proceeds from disposal of property, plant and equipment		28,940,723	25,108,650
Prepaid land lease payments		(475,649)	(10,342,635)
Interest received		1,399,804	3,140,213
Net cash used in investing activities		(93,791,584)	(87,700,640)
Cash flows from financing activities			
Proceeds from rights issue of shares		-	124,335,284
Rights issues expenses		-	(1,637,030)
Purchase of treasury shares		-	(1,680,434)
Repayment of hire purchase and lease financing		(8,051,839)	(12,672,894)
Drawdown of other borrowings		214,452,236	3,250,674
Repayment of other borrowings		(178,327,488)	(20,828,149)
Dividend paid		-	(3,730,058)
Net cash generated from financing activities		28,072,909	87,037,393
Net (decrease)/increase in cash and cash equivalents		(38,174,811)	23,457,332
Cash and cash equivalents at beginning of year		161,083,453	165,433,499
Effects of exchange rate changes		(2,378,935)	(27,807,378)
Cash and cash equivalents at end of year	22	120,529,707	161,083,453

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

Hubline Berhad
(Incorporated in Malaysia)

Statement of Comprehensive Income
For the financial year ended 30 September 2011

	Note	2011 RM	2010 RM
Revenue	4	4,106,205	30,000,000
Other income	5	17,315,164	12,821,831
Administrative expenses		(114,870,704)	(22,908,024)
Finance costs	6	(16,298,706)	(15,754,299)
(Loss)/profit before tax	7	(109,748,041)	4,159,508
Income tax expense	10	(100,000)	-
(Loss)/profit net of tax, representing total comprehensive income for the year		(109,848,041)	4,159,508

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

Hubline Berhad
(Incorporated in Malaysia)

Statement of Financial Position
As at 30 September 2011

	Note	2011 RM	2010 RM
ASSETS			
Non-current assets			
Property, plant and equipment	13	2,882	2,312
Investments in subsidiaries	16	301,512,382	327,245,649
		301,515,264	327,247,961
Current assets			
Other receivables	20	211,209,661	331,473,339
Other current assets	21	902,294	-
Cash and bank balances	22	96,228,836	37,155,877
		308,340,791	368,629,216
TOTAL ASSETS		609,856,055	695,877,177
EQUITY AND LIABILITIES			
Equity attributable to owners of parent			
Share capital	23	334,747,048	334,747,048
Share premium	23	33,371,024	33,371,024
Warrant reserve	23	39,076,804	39,076,804
Treasury shares	23	(4,192,396)	(4,192,396)
Accumulated losses		(128,535,512)	(18,687,471)
Total equity		274,466,968	384,315,009
Non-current liabilities			
Loans and borrowings	25	215,513,406	230,822,834
Current liabilities			
Loans and borrowings	25	119,448,683	78,854,347
Other payables	26	426,998	1,860,730
Tax payable		-	24,257
		119,875,681	80,739,334
Total Liabilities		335,389,087	311,562,168
TOTAL EQUITY AND LIABILITIES		609,856,055	695,877,177

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

Hubline Berhad
(Incorporated in Malaysia)

Company Statement of Changes in Equity
For the financial year ended 30 September 2011

			← Non-Distributable		→		
	Note	Share capital (Note 23) RM	Share premium (Note 23) RM	Warrant reserve (Note 23) RM	Treasury shares (Note 23) RM	Accumulated losses RM	Total equity RM
At 1 October 2010		334,747,048	33,371,024	39,076,804	(4,192,396)	(18,687,471)	384,315,009
Loss net of tax, representing total comprehensive income for the year		-	-	-	-	(109,848,041)	(109,848,041)
At 30 September 2011		334,747,048	33,371,024	39,076,804	(4,192,396)	(128,535,512)	274,466,968
At 1 October 2009		249,488,568	35,008,054	-	(2,511,962)	(19,116,921)	262,867,739
Profit net of tax, representing total comprehensive income for the year		-	-	-	-	4,159,508	4,159,508
Transaction with owners							
Dividend on ordinary shares	12	-	-	-	-	(3,730,058)	(3,730,058)
Rights issue of shares	22	85,258,480	-	39,076,804	-	-	124,335,284
Rights issue expenses	22	-	(1,637,030)	-	-	-	(1,637,030)
Treasury shares:							
Purchased	22	-	-	-	(1,671,133)	-	(1,671,133)
Transaction costs	22	-	-	-	(9,301)	-	(9,301)
At 30 September 2010		334,747,048	33,371,024	39,076,804	(4,192,396)	(18,687,471)	384,315,009

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

Hubline Berhad
(Incorporated in Malaysia)

Statement of Cash Flows
For the financial year ended 30 September 2011

	Note	2011 RM	2010 RM
Cash flows from operating activities			
(Loss)/profit before tax		(109,748,041)	4,159,508
Adjustments for:			
Dividend income	4	(4,106,205)	(30,000,000)
Interest income	5	(12,761,662)	(12,405,012)
Interest expense	6	16,298,706	15,754,299
Impairment loss on investment in subsidiaries	7	25,733,283	-
Impairment loss on receivables	7	83,902,144	10,000,000
Depreciation of property, plant and equipment	7	1,436	1,611
Unrealised foreign exchange (gain)/loss, net	7	(1,378,242)	11,346,712
Operating cash flows before working capital changes		(2,058,581)	(1,142,882)
Decrease in receivables		40,809,960	20,663
Decrease in payables		(1,433,732)	(129,222,215)
Cash generated from/(used in) operations		37,317,647	(130,344,434)
Interest paid		(16,298,706)	(15,754,299)
Taxes refunded		749	2,512
Taxes paid		(749)	(749)
Net cash generated from/(used in) operating activities		21,018,941	(146,096,970)
Cash flows from investing activities			
Additional investment in subsidiaries		(16)	(1,500,000)
Interest received		12,761,662	12,405,012
Dividend received		3,079,654	68,000,000
Purchase of property, plant and equipment		(2,006)	-
Net cash generated from investing activities		15,839,294	78,905,012

Hubline Berhad
(Incorporated in Malaysia)

Statement of Cash Flows
For the financial year ended 30 September 2011 (contd.)

	Note	2011 RM	2010 RM
Cash flows from financing activities			
Proceeds from rights issue of shares		-	124,335,284
Rights issues expenses		-	(1,637,030)
Purchase of treasury shares		-	(1,680,434)
Dividend paid		-	(3,730,058)
Net drawdown/(repayment) of borrowings		22,211,529	(16,315,735)
Net cash generated from financing activities		22,211,529	100,972,027
Net increase in cash and cash equivalents		59,069,764	33,780,069
Cash and cash equivalents at beginning of year		36,163,933	2,383,864
Cash and cash equivalents at end of year	22	95,233,697	36,163,933

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

Hubline Berhad
(Incorporated in Malaysia)

Notes to the Financial Statements
For the financial year ended 30 September 2011

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Wisma Hubline, Lease 3815 (Lot 10914), Section 64, KTLD, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 16. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 January 2012.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS and IC Interpretations which are mandatory for the financial periods beginning on or after 1 October 2010 as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 October 2010, the Group and the Company adopted the following new and revised FRSs and IC Interpretations:

- FRS 1: First-Time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (Revised)
- FRS 7: Financial Instruments: Disclosures

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Notes to the Financial Statements
For the financial year ended 30 September 2011

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

- FRS 101: Presentation of Financial Statements (Revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- Amendments to FRS 5: Non Current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127: Consolidated and Separate Financial Statements
- Amendments to FRS 138: Intangible Assets
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 132: Classification of Right Issue
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

FRS 4 Insurance Contracts and TR *i*-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 October 2010. These FRS are, however, not applicable to the Group and the Company.

Hubline Berhad
(Incorporated in Malaysia)

Notes to the Financial Statements
For the financial year ended 30 September 2011

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 *Financial Instruments: Disclosures*

Prior to 1 October 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 30 September 2011.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

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Notes to the Financial Statements
For the financial year ended 30 September 2011

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 34).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 October 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 October 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Impairment of trade and other receivables

  Prior to 1 October 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 October 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

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Notes to the Financial Statements
For the financial year ended 30 September 2011

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

FRS 139 Financial Instruments: Recognition and Measurement (contd.)

- Financial guarantee contracts

  During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 October 2010, the guarantees were accounted for and disclosed as contingent liabilities in the financial statements of the Company.

  Upon the adoption of FRS 139, such guarantees are to be recognised initially at fair value. As at the date of first adoption of FRS 139, all unexpired financial guarantees issued were not recognised as no value has been placed on the guarantees provided by the Company as the directors regard the value of the credit enhancement provided by the said guarantees to be minimal. This is because the bank loans and other banking facilities granted under the guarantees are fully collateralised by fixed and floating charges over the properties, plant and equipment and other assets of the subsidiaries.

The following are effects arising from the above changes in accounting policies:

	Increase/(decrease)	
	As at 30 September 2011	**As at 1 October 2010**
	RM	RM
Statements of financial position		
Group		
Investment securities	(5,660,013)	-
Trade and other receivables	(20,432,908)	(20,462,858)
Deferred tax assets	316,000	-
Retained earnings	(25,776,921)	(20,462,858)
Other reserves - fair value adjustment reserve	(1,291,443)	-

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Notes to the Financial Statements
For the financial year ended 30 September 2011

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

FRS 139 Financial Instruments: Recognition and Measurement (contd.)

	Increase /(decrease) Group 2011 RM
Statements of comprehensive income	
Other income	2,861,340
Other expenses	8,491,403
Loss before tax	5,630,063
Income tax expense	316,000
Loss net of tax	5,314,063
Other comprehensive income for the year, net of tax	(1,291,443)

	Group Increase 2011 Sen per share
Loss per share:	
Basic	0.3

FRS 3 Business Combinations (revised)

The revised FRS 3 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in resulting for the adoption of the revised FRS 3 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;

- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

FRS 3 Business Combinations (revised) (contd.)

- The Group elects, for each acquisition of a business, whether to measure non-controlling interest (previously described as minority interests) at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, and this impacts the amount of goodwill recognised; and

- When a business is acquired in stages, the previously held equity interests in the acquire are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 3 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 October 2010 are not adjusted.

FRS 127 Consolidated and Separate Financial Statements (Revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 127 includes:

- A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss.

- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and

- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provision, the revised FRS 127 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and disposal of subsidiaries before 1 October 2010. The change will affect future transactions with non-controlling interest.

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Notes to the Financial Statements
For the financial year ended 30 September 2011

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following new and revised standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1: Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Improvements to FRS issued in 2010	1 January 2011
IC Interpretation 4: Determining Whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
TR *i*-4: Shariah Compliant Sale Contracts	1 January 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124: Related Party Disclosures	1 January 2012
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time adopters	1 January 2012
Amendments to FRS 7: Disclosures – Transfers of Finance Assets	1 January 2012
Amendments to FRS 112: Deferred Tax – Recovery of Underlying Assets	1 January 2012
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
FRS 9: Financial Instruments	1 January 2013
FRS 10: Consolidated Financial Statements	1 January 2013

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2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Description	Effective for annual periods beginning on or after
FRS 11: Joint Arrangements	1 January 2013
FRS 12: Disclosure of Interest in Other Entities	1 January 2013
FRS 127 (2011): Separate Financial Statements	1 January 2013
FRS 128 (2011): Investment in Associates and Joint Ventures	1 January 2013

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application except for the new disclosures required under the Amendments to FRS 7 and the impact of adoption of IFRS 9: Financial Instruments: Classification and Measurement as disclosed below:

FRS 9 as issued reflects the first phase of the IASBs work on the placement of FRS 139 and applies to classification and measurement of financial assets and liabilities as defined in FRS 139. In subsequent phases, the IASBs will address impairment and hedge accounting. The adoption of the first phase of IFRS 9 will primarily have an effect on the classification and measurement of the Group and the Company's financial assets. The Group is currently assessing the impact of adopting FRS 9, however, the impact of adoption depends on the assets held by the Group at the date of adoption, it is not practical to quantify the effect.

2.4 Malaysian financial reporting standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its firsts MFRS financial statements for the year ending 30 September 2013.

The directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 30 September 2012 would not be significantly different if prepared under the MFRS Framework.

2. Summary of significant accounting policies (contd.)

2.5 Basis of consolidation

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

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

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.11(a). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. Summary of significant accounting policies (contd.)

2.6 Transactions with non-controlling interest

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

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

2.7 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

2. Summary of significant accounting policies (contd.)

2.7 Foreign currency (contd.)

(b) Foreign currency transactions (contd.)

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

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

(c) Foreign operations

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

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2. Summary of significant accounting policies (contd.)

2.8 Property, plant and equipment

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

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

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

Depreciation of vessels in operation, property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	25 years to 45 years
Furniture, fittings & motor vehicles	2 years to 10 years
Plant and machinery	5 years to 10 years
Vessels and vessel equipment	5 years to 30 years
Containers and port equipment	10 years

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

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

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Notes to the Financial Statements
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2. Summary of significant accounting policies (contd.)

2.9 Prepaid land lease payments

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

2.10 Drydocking expenditure

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

2.11 Intangible assets

(a) Goodwill

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

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

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

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

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Notes to the Financial Statements
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2. Summary of significant accounting policies (contd.)

2.11 Intangible assets (contd.)

(b) Other intangible assets

Other intangible assets represent the development costs incurred for computer software and other related expenses of the Group. Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of the Group's software development costs is assessed economic useful life of 5 years and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets in accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

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

2.12 Impairment of non-financial assets

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

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

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2. Summary of significant accounting policies (contd.)

2.12 Impairment of non-financial assets (contd.)

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

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

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

2.13 Subsidiaries

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

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

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2. Summary of significant accounting policies (contd.)

2.14 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

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

2. Summary of significant accounting policies (contd.)

2.15 Financial assets

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

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

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

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

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

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

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

2. Summary of significant accounting policies (contd.)

2.15 Financial assets (contd.)

(b) Loans and receivables

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

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

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

(c) Held-to-maturity investments

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

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

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

2. Summary of significant accounting policies (contd.)

2.15 Financial assets (contd.)

(d) Available-for-sale financial assets

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

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

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

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

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

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

2. Summary of significant accounting policies (contd.)

2.16 Impairment of financial assets

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

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

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

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

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

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

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2. Summary of significant accounting policies (contd.)

2.16 Impairment of financial assets (contd.)

(b) Unquoted equity securities carried at cost

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

(c) Available-for-sale financial assets

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

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

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

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Summary of significant accounting policies (contd.)

2.18 Inventories

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

Cost is determined using the first in, first out method and comprises the purchase price and other direct charges.

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

2.19 Financial liabilities

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

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

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

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

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

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

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2. Summary of significant accounting policies (contd.)

2.19 Financial liabilities (contd.)

(b) Other financial liabilities

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

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

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

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

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

2.20 Borrowing costs

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

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

2. Summary of significant accounting policies (contd.)

2.21 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees.

(b) Defined contribution plans

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

2.22 Leases

(a) As lessee

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

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

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

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2. Summary of significant accounting policies (contd.)

2.22 Leases (contd.)

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.32(h).

2.23 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(a) Freight revenue

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

(b) Charter income

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

(c) Revenue from services

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

(d) Equipment rental income

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

2. Summary of significant accounting policies (contd.)

2.23 Revenue recognition (contd.)

(e) Sale of goods

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

(f) Dividend income

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

(g) Rental income

Rental income is accounted for a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.24 Income taxes

(a) Current tax

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

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

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2. Summary of significant accounting policies (contd.)

2.24 Income taxes (contd.)

(b) Deferred tax

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

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

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

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

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

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2. Summary of significant accounting policies (contd.)

2.24 Income taxes (contd.)

(b) Deferred tax (contd.)

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

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

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

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

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

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2. Summary of significant accounting policies (contd.)

2.26 Share capital and share issuance expenses

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

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

2.27 Treasury shares

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

2.28 Financial guarantee contracts

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

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

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

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3. Significant accounting estimates and judgements

3.1 Key sources of estimation uncertainty

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

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 30 September 2011 was RM84,617,272 (2010: RM84,617,272). Further details are disclosed in Note 15.

(b) Useful lives of vessels

The cost of vessels is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these vessels to be between 5 and 30 years. Changes in the expected level of usage and regulations could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A 5% difference in the average useful lives of these assets from management's estimates would result in approximately 0.7% (2010: 11.7%) variance in (loss)/profit for the year.

(c) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 20.

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3. Significant accounting estimates and judgements

3.1 Key sources of estimation uncertainty

(d) Deferred tax assets

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

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.

During the year, a subsidiary of the Group has recognised RM18,695,000 of unrecognised tax losses as management considered that it is probable that taxable profits will be available against which the losses can be utilised. Management has revised taxable profits in the subsidiary as this subsidiary's results from operating activities of foreign vessels and tugs and barges.

The carrying amount of deferred tax assets of the Group at 30 September 2011 was RM19,870,633 (2010: RM 2,177,688) and recognised tax losses and capital allowances at 30 September 2011 was RM147,210,000 (2010: RM65,524,000).

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4. Revenue

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Dividend income	-	-	4,106,205	30,000,000
Shipping and related activities	503,491,310	513,905,637	-	-
Trading activities	66,436,631	120,537,290	-	-
	569,927,941	634,442,927	4,106,205	30,000,000

5. Other income

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Interest income	1,399,804	3,140,213	12,761,662	12,405,012
Insurance recovery	566,097	3,231,829	-	-
Gain on disposal of property, plant and equipment	3,044,345	2,807,749	-	-
Impairment of investment in associates written-back	-	1,200,000	-	-
Rental income	252,700	32,350	-	-
Foreign exchange gains:				
- realised	2,703,266	11,198,934	105,076	-
- unrealised	633,272	379,943	4,448,426	-
Bad debts recovered	-	7,500	-	-
Reversal of impairment loss on receivables	2,861,340	7,283,009	-	-
Miscellaneous	4,492,462	3,171,542	-	416,819
	15,953,286	32,453,069	17,315,164	12,821,831

6. Finance costs

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Interest expense on:				
Borrowings	13,915,051	14,074,977	5,438,428	4,639,224
Islamic Private Debt Securities	10,860,278	11,115,075	10,860,278	11,115,075
	24,775,329	25,190,052	16,298,706	15,754,299

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7. (Loss)/profit before tax

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Employee benefits expense (Note 7)	56,638,954	57,451,580	61,429	83,700
Non-executive directors' remuneration (Note 9)				
- current year	265,509	227,248	120,000	120,000
- underprovision in prior years	-	20,000	-	20,000
Auditors' remuneration:				
- current year	397,719	369,024	32,000	33,000
- over/(under) provision in prior year	300	(349)	-	-
- other services	42,600	-	42,600	-
Amortisation of intangible assets (Note 15)	517,432	56,902	-	-
Amortisation of prepaid land lease payments (Note 14)	109,275	-	-	-
Charter hire of vessels	4,826,326	5,032,817	-	-
Depreciation of property, plant and equipment (Note 13)	47,613,234	45,430,220	1,436	1,611
Loss on disposal of property, plant and equipment, net	20,125,806	-	-	-
Impairment loss on property, plant and equipment (Note 13)	58,980,457	-	-	-
Hire of tugs	2,331,841	3,126,182	-	-
Hire of equipment	1,396,555	1,902,084	-	-
Rental of premises	2,279,132	2,410,550	72,900	72,000
Property, plant and equipment written off	-	797,196	-	-
Impairment loss on financial asset:				
- trade and other receivables	2,831,390	1,001,918	83,902,144	10,000,000
- available-for-sale investment securities quoted equity instruments	5,660,013	-	-	-
Impairment of investment in				
- subsidiaries	-	-	25,733,283	-
- associate	2,340,093	-	-	-

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7. (Loss)/profit before tax (contd.)

	Group		Company	
	2011 RM	**2010** RM	**2011** RM	**2010** RM
Reversal of impairment loss on financial asset:				
- Trade and other receivables	(2,861,340)	(7,283,009)	-	-
Foreign exchange (gain)/ losses, net:				
- realised	(2,463,590)	1,355,351	-	-
- unrealised	6,432,857	(379,943)	(1,378,242)	11,346,712
Reversal of impairment losses on investment in associates	-	(1,200,000)	-	-

8. Employee benefits expense

	Group		Company	
	2011 RM	**2010** RM	**2011** RM	**2010** RM
Wages and salaries	54,328,125	52,182,510	56,460	76,650
Contributions to defined contribution plan	1,784,030	1,982,810	4,167	6,370
Social security contributions	136,265	133,773	533	-
Other benefits	390,534	3,152,487	269	680
	56,638,954	57,451,580	61,429	83,700

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM6,926,724 (2010: RM9,894,427) and RM21,875 (2010: RM30,000) respectively as further disclosed in Note 9.

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9. Directors' remuneration

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Executive directors' remuneration (Note 8):				
Fees	197,130	143,525	21,875	30,000
Other emoluments	6,729,634	9,750,902	-	-
	6,926,764	9,894,427	21,875	30,000
Non-executive directors' remuneration (Note 7):				
Fees	220,509	182,248	75,000	75,000
Other emoluments	45,000	45,000	45,000	45,000
Underprovision in prior years	-	20,000	-	20,000
	265,509	247,248	120,000	140,000
Total directors' remuneration (Note 30(b))	7,192,273	10,141,675	141,875	170,000

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

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Executive:				
Salaries and other emoluments	1,228,735	2,303,738	-	-
Fees	133,130	111,124	21,875	45,000
Bonus and gratuity	3,087,187	5,006,537	-	-
Contributions to defined contribution plan	505,500	271,080	-	-
	4,954,552	7,692,479	21,875	45,000

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9. Directors' remuneration (contd.)

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Non-executive:				
Salaries and other emoluments	826,513	795,107	45,000	45,000
Fees	173,255	156,124	75,000	80,000
Bonus	166,000	125,500	-	-
Contributions to defined contribution plan	113,574	104,340	-	-
	1,279,342	1,181,071	120,000	125,000
Total directors' remuneration	6,233,894	8,873,550	141,875	170,000

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2011	**2010**
Executive directors:		
RM1,700,001 - RM1,750,000	1	1
RM3,200,001 - RM3,250,000	1	-
RM5,950,001 - RM6,000,000	-	1
Non-executive directors:		
Below RM50,000	3	2
RM50,001 - RM100,000	-	1
RM300,001 - RM350,000	-	1
RM350,000 - RM400,000	1	-
RM750,001 - RM800,000	-	1
RM800,001 - RM850,000	1	-

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10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 September 2011 and 2010 are:

	Group		Company	
	2011 RM	**2010** RM	**2011** RM	**2010** RM
Current income tax:				
Malaysian income tax	(28,005)	1,639,152	100,000	-
Foreign tax	34,747	696,401	-	-
	6,742	2,335,553	100,000	-
(Over)/underprovision in prior years:				
Malaysian income tax	(126,732)	260,040	-	-
	(119,990)	2,595,593	-	-
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	(16,995,004)	(1,425,181)	-	-
Overprovision in prior years	(1,152,945)	(1,266,571)	-	-
	(18,147,949)	(2,691,752)	-	-
Total income tax expense	(18,267,939)	(96,159)	100,000	-

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10. Income tax expense (contd.)

Reconciliation between tax expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 30 September 2011 and 2010 are as follows:

	2011 RM	2010 RM
Group		
(Loss)/profit before tax	(89,901,023)	8,853,749
Tax at Malaysian statutory tax rate of 25% (2010: 25%)	(22,475,256)	2,213,438
Different tax rates in other country	34,747	696,401
Effect of income subject to tax rate of 20%	-	12,335
Income not subject to tax	(4,318,049)	(18,726,323)
Expenses not deductible for tax purposes	28,918,329	16,933,397
Effect of utilisation of previously unrecognised tax losses	(28,015)	(127,245)
Effect of utilisation of previously unabsorbed capital allowances	-	(142,111)
Deferred tax assets not recognised in respect of current year's tax losses	602,729	50,480
Deferred tax recognised at different tax rate	(192,874)	-
Deferred tax assets recognised on previously unrecognised tax losses and capital allowances	(19,529,873)	-
Overprovision of deferred tax in prior years	(1,152,945)	(1,266,571)
(Over)/under provision of tax expense in prior years	(126,732)	260,040
Income tax expense for the year	(18,267,939)	(96,159)
Company		
(Loss)/profit before tax	(109,748,041)	4,159,508
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	(27,437,010)	1,039,877
Income not subject to tax	-	(7,604,205)
Expenses not deductible for tax purposes	27,537,010	6,564,328
Income tax expense for the year	100,000	-

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

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

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11. (Loss)/earnings per share

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

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

	Group	
	2011	**2010**
	RM	RM
(Loss)/profit net of tax attributable to owners of parent (RM)	(71,633,084)	8,949,908
Issued ordinary shares at 1 October	1,855,522,663	1,243,352,842
Effect of rights issues	-	569,377,144
Weighted average number of ordinary shares at 30 September	1,855,522,663	1,812,729,986
Basic (loss)/earnings per share (sen)	(3.9)	0.5

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

12. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Recognised during the year:				
First and final dividend for 2009:				
Tax exempt dividend of 0.2 sen per ordinary share, on 1,865,029,263 ordinary shares	-	-	-	3,730,058

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13. Property, plant and equipment

	Buildings RM	Furniture, fittings & motor vehicles RM	Plant & machinery RM	Vessels & vessel equipment RM	Containers & port equipment RM	Total RM
Group						
At 30 September 2011						
Cost						
At 1 October 2010	4,687,865	25,077,430	2,092,727	756,956,807	49,267,476	838,082,305
Additions	3,980	702,321	22,500	89,195,689	32,984,258	122,908,748
Disposals	-	(8,524,531)	-	(72,748,468)	(2,905,753)	(84,178,752)
Exchange differences	-	1,479,056	-	3,986,217	211,425	5,676,698
Transfers	-	7,000	-	(134,380)	127,380	-
At 30 September 2011	4,691,845	18,741,276	2,115,227	777,255,865	79,684,786	882,488,999
Accumulated depreciation and impairment loss						
At 1 October 2010	-	12,708,795	1,330,920	207,897,528	7,788,517	229,725,760
Depreciation charge for the year (Note 7)	94,089	2,955,173	188,129	36,665,303	7,710,540	47,613,234
Impairment loss recognised in profit or loss (Note 7)	-	-	-	58,980,457	-	58,980,457
Disposals	-	(3,389,495)	-	(34,414,552)	(179,879)	(37,983,926)
Exchange differences	-	558,613	-	363,637	77,053	999,303
At 30 September 2011	94,089	12,833,086	1,519,049	269,492,373	15,396,231	299,334,828
Net carrying amount	4,597,756	5,908,190	596,178	507,763,492	64,288,555	583,154,171

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13. Property, plant and equipment (contd.)

	Buildings RM	Furniture, fittings & motor vehicles RM	Plant & machinery RM	Vessels & vessel equipment RM	Containers & port equipment RM	Total RM
At 30 September 2010						
Cost						
At 1 October 2009	-	22,559,429	2,092,727	615,723,809	38,082,364	678,458,329
Additions	4,687,865	1,517,110	-	180,884,483	21,633,080	208,722,538
Disposals	-	(1,464,837)	-	(31,729,344)	(4,802,756)	(37,996,937)
Exchange differences	-	(836,359)	-	(372,616)	(136,312)	(1,345,287)
Reclassification	-	3,322,446	-	(5,806,041)	2,483,595	-
Transfer to intangible asset	-	-	-	(22,622)	-	(22,622)
Write-off	-	(20,359)	-	(1,720,862)	(7,992,495)	(9,733,716)
At 30 September 2010	4,687,865	25,077,430	2,092,727	756,956,807	49,267,476	838,082,305
Accumulated depreciation						
At 1 October 2009	-	10,573,798	1,136,536	185,651,486	12,138,702	209,500,522
Depreciation charge for the year (Note 7)	-	3,225,184	194,384	36,632,242	5,378,410	45,430,220
Disposals	-	(856,178)	-	(13,131,146)	(1,708,712)	(15,696,036)
Exchange differences	-	(221,218)	-	(323,820)	(27,388)	(572,426)
Write-off	-	(12,791)	-	(931,234)	(7,992,495)	(8,936,520)
At 30 September 2010	-	12,708,795	1,330,920	207,897,528	7,788,517	229,725,760
Net carrying amount	4,687,865	12,368,635	761,807	549,059,279	41,478,959	608,356,545

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13. Property, plant and equipment (contd.)

	Furniture & fittings 2011 RM	Furniture & fittings 2010 RM
Company		
Cost		
At 1 October	103,615	103,615
Addition	2,006	-
At 30 September	105,621	103,615
Accumulated depreciation		
At 1 October	101,303	99,692
Depreciation charge for the year (Note 7)	1,436	1,611
At 30 September	102,739	101,303
Net carrying amount	2,882	2,312

Asset held under finance lease

During the financial year, the Group acquired property, plant and equipment at the aggregate cost of RM122,908,748 (2010: RM208,722,538), of which Nil (2010: RM105,488,608) were acquired by means of finance lease arrangements. Net book values of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group 2011 RM	Group 2010 RM
Vessels and vessel equipment	127,016,961	118,711,876
Furniture, fittings & motor vehicles	1,435,839	1,749,660

13. Property, plant and equipment (contd.)

Assets pledged as security

The net carrying amount of property, plant and equipment pledged (together with legal assignment of contract proceeds of certain long-term shipping contracts as well as hull and marine insurances) for borrowings as referred to in Note 25 are as follows:

	Group	
	2011	**2010**
	RM	RM
Vessels and vessel equipment	222,280,671	248,795,412

Impairment of assets

During the financial year, the Group carried out at review of the recoverable amount of its vessel and vessel equipment. An impairment loss of RM58,980,457 (2010: Nil), representing the write-down of the vessels to the recoverable amount was recognised in "administrative expenses" line item of the statement of comprehensive income for the financial year ended 30 September 2011. The recoverable amount of the vessels was based on its fair value less cost to sell.

14. Prepaid land lease payments

	Group	
	2011	**2010**
	RM	RM
Costs		
At 1 October	10,342,635	-
Addition	475,649	10,342,635
At 30 September	10,818,284	10,342,635
Accumulated amortisation		
At 1 October	-	-
Amortisation (Note 7)	109,275	-
At 30 September	109,275	-
Net carrying amount	10,709,009	10,342,635

Assets pledged as security

The Group's prepaid land lease payments with a carrying amount of RM10,709,009 (2010: Nil) are mortgaged to secure the subsidiary's bank loans.

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15. Intangible assets

	Goodwill RM	Software development costs RM	Total RM
Group			
Cost			
At 1 October 2009	84,617,272	2,267,819	86,885,091
Transfer from property, plant and equipment	-	22,622	22,622
Addition	-	2,372,938	2,372,938
At 30 September 2010	84,617,272	4,663,379	89,280,651
Additions	-	747,714	747,714
At 30 September 2011	84,617,272	5,411,093	90,028,365
Accumulated amortisation			
At 1 October 2009	-	2,210,917	2,210,917
Amortisation (Note 7)	-	56,902	56,902
At 30 September 2010	-	2,267,819	2,267,819
Amortisation (Note 7)	-	517,432	517,432
At 30 September 2011	-	2,785,251	2,785,251
Net carrying amount			
At 30 September 2011	84,617,272	2,625,842	87,243,114
At 30 September 2010	84,617,272	2,395,560	87,012,832

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15. Intangible assets (contd.)

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

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

The key assumptions used in the value-in-use calculations are an average growth rate of 3% to 5% per annum with a discount factor of 10.2%. 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.

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16. Investments in subsidiaries

	Company 2011 RM	Company 2010 RM
Unquoted shares at cost:		
In Malaysia	330,200,069	330,200,053
Outside Malaysia	127,478	127,478
	330,327,547	330,327,531
Less: Accumulated impairment losses	(28,815,165)	(3,081,882)
	301,512,382	327,245,649

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership Interest (%) 2011	2010	Principal activities
Held by the Company:				
EM Container Line Sdn. Bhd.	Malaysia	100	100	) Ship owner and
EM Line Sdn. Bhd.	Malaysia	100	100	) charterer
EM Shipping Sdn. Bhd.	Malaysia	100	100	Shipping agent
EM Carriers Sdn. Bhd.	Malaysia	100	100	Shipping
Premier Spectrum Sdn. Bhd.	Malaysia	100	100	Provision of shipping supplies, dormant
Wonder Link Sdn. hd.	Malaysia	100	100	Investment holding
Whittler Company Limited	British Virgin Islands	100	100	Provision of marine cargo handling and shipping services, and investment holding
Grand Dragon Overseas Ltd	British Virgin Islands	100	100	Vessel chartering and containerised shipping
Chatlink Sdn. Bhd.	Malaysia	100	100	) Ship owner and
Hub Continental Shipping Sdn. Bhd.	Malaysia	100	100	) charterer
Hub Explorer Sdn. Bhd.	Malaysia	100	100	)
Hub Fleet Sdn. Bhd.	Malaysia	100	100	)

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16. Investments in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%) 2011	2010	Principal activities
Held by the Company:				
Hub Shipping Sdn. Bhd.	Malaysia	100	100	Provision of marine cargo handling and shipping services
Hub Warrior Sdn. Bhd.	Malaysia	100	100	) Ship owner and charterer
Ozlink Sdn. Bhd.	Malaysia	100	100	)
Patimico Sdn. Bhd.	Malaysia	100	100	)
Highline Shipping Sdn. Bhd.	Malaysia	100	100	Shipping
Malaform Sdn. Bhd.	Malaysia	100	100	Shipping
Hub Shipping (PNG) Co. Limited *	Papua New Guinea	100	100	Shipping
Hubline Logistics Sdn. Bhd.	Malaysia	100	100	Property holding
Hubline Asia Sdn. Bhd.	Malaysia	100	-	Shipping
Hubline Bulk Sdn. Bhd.	Malaysia	100	-	Shipping
Hubline Carrier Sdn. Bhd.	Malaysia	100	-	Shipping
Hubline Delta Sdn. Bhd.	Malaysia	100	-	Shipping, dormant
Hubline Equity Sdn. Bhd.	Malaysia	100	-	Shipping, dormant
Hubline Fortune Sdn. Bhd.	Malaysia	100	-	Shipping, dormant
Hubline Glory Sdn. Bhd.	Malaysia	100	-	Shipping, dormant
Hubline Harbour Sdn. Bhd.	Malaysia	100	-	Shipping, dormant

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16. Investments in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%) 2011	2010	Principal activities
Held through subsidiaries:				
Subsidiary of Wonder Link Sdn. Bhd.				
Hub Marine Pte. Ltd. *	Singapore	100	100	Shipping agent
Subsidiaries of Highline Shipping Sdn. Bhd.				
Many Plus Enterprise Sdn. Bhd.	Malaysia	100	100	Trading
Many Plus Engineering Sdn. Bhd.	Malaysia	100	100	Services
Many Plus Maritime Sdn. Bhd.	Malaysia	100	100	Dormant
Ever Line Shipping Co. Ltd.	British Virgin Islands	100	100	Shipping
Ever Line Shipping Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Asia Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Bulk Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Carrier Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Delta Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Equity Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Fortune Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Glory Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Harbour Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Integrated Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Jade Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Kinetic Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Logistics Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Mariner Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Navigators Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Oceanic Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Pacific Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Quest Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Reliance Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Strategic Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Trader Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Union Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Vision Sdn. Bhd.	Malaysia	100	100	Shipping
Many Plus Enterprise Ltd.	Marshall Islands	100	100	General trading

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16. Investments in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%) 2011	2010	Principal activities
Held through subsidiaries:				
Subsidiary of Hub Shipping Sdn. Bhd.				
Hubline (China) Limited *	China	100	100	Shipping agent

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

(a) **Acquisition of subsidiaries**

On 10 November 2010, the Company incorporated a subsidiary company known as Hubline Asia Sdn. Bhd. with a paid-up capital of RM2.

On 17 January 2011, the Company incorporated seven subsidiary companies as follows:

(i) Hubline Bulk Sdn. Bhd. with a paid-up capital of RM2;

(ii) Hubline Carrier Sdn. Bhd. with a paid-up capital of RM2;

(iii) Hubline Delta Sdn. Bhd. with a paid-up capital of RM2;

(iv) Hubline Equity Sdn. Bhd. with a paid-up capital of RM2;

(v) *Hubline Fortune Sdn. Bhd. with a paid-up capital of RM2;

(vi) Hubline Glory Sdn. Bhd. with a paid-up capital of RM2; and

(vii) Hubline Harbour Sdn. Bhd. with a paid-up capital of RM2.

(b) 12,500,000 ordinary shares of RM1 each of Highline Shipping Sdn. Bhd. representing a 76.10% equity interest are pledged for borrowings as referred to in Note 25.

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17. Investments in associates

	Group 2011 RM	Group 2010 RM
Outside Malaysia:		
Quoted shares at cost	-	24,573,042
Unquoted shares at cost	26,936,103	26,936,103
	26,936,103	51,509,145
Share of post-acquisition reserves	(16,638,997)	(29,032,510)
	10,297,106	22,476,635
Exchange differences	4,422,535	5,699,548
	14,719,641	28,176,183
Less: Accumulated impairment losses	(14,719,640)	(14,979,546)
	1	13,196,637
Market value:		
- quoted shares	-	5,086,012

Details of the associates are as follows:

Name of associates	Country of incorporation	Proportion of ownership interest (%) 2011	Proportion of ownership interest (%) 2010	Principal activities
Held through subsidiaries:				
Bangpakong Terminal Public Company Limited *	Thailand	-	18.5	Domestic port and related services
Platinum Container Lines Co., Ltd.	Thailand	44.1	44.1	Shipping and marine cargo handling

* Bangpakong Terminal Public Company Limited ("BTC") is listed on the Stock Exchange of Thailand. At 1 October 2010, the investment in BTC has been reclassified as available for sales financial assets as referred in Note 18.

17. Investments in associates (contd.)

The summarised financial information of the associates are as follows:

	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	1,448	17,535
Non-current assets	111,677	212,646
Total assets	113,125	230,181
Current liabilities	156,175	111,319
Non-current liabilities	70	36,915
Total liabilities	156,245	148,234
Results		
Revenue	5,646	20,411
Loss for the year	(50,655)	(58,124)

18. Investment securities

	Group	
	2011 RM	2010 RM
Non-current		
Available-for-sale financial assets		
Equity instruments (quoted outside Malaysia)	4,003,550	-

Impairment losses

During the financial year, the Group recognised impairment losses of RM5,660,013 (2010: Nil) for quoted equity instruments classified as available-for-sale financial assets respectively as there were "significant" or "prolonged" declined in the fair value of these investments below their costs.

19. Inventories

	Group	
	2011	2010
At cost:		
Trading stocks	3,707,545	4,555,693
Consumables	27,712,031	36,112,515
	31,419,576	40,668,208

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20. Trade and other receivables

	Group		Company	
	2011 RM	**2010** RM	**2011** RM	**2010** RM
Current				
Trade receivables				
Third parties	134,712,514	113,325,131	-	-
Less: Allowance for impairment	(3,390,802)	(1,247,360)	-	-
Trade receivables, net	131,321,712	112,077,771	-	-
Other receivables				
Amount due from related parties:				
Subsidiaries	-	-	381,174,210	417,635,742
Associates	72,252,064	59,278,250	-	-
	72,252,064	59,278,250	381,174,210	417,635,742
Deposits	4,468,555	3,039,009	9,148	56,648
Interest receivable	329,910	226,590	329,749	226,467
Sundry receivables	2,191,953	9,319,276	45,394	1,178
	79,242,482	71,863,125	381,558,501	417,920,035
Less: Allowance for impairment				
- associates	(18,603,590)	-	-	-
- sundry receivables	(115,496)	(115,496)	-	-
- subsidiaries	-	-	(170,348,840)	(86,446,696)
Other receivables, net	60,523,396	71,747,629	211,209,661	331,473,339
	191,845,108	183,825,400	211,209,661	331,473,339
Non-current				
Other receivables				
Long term deposits	-	4,535,685	-	-
Total trade and other receivables	191,845,108	188,361,085	211,209,661	331,473,339
Add: Cash and bank balances (Note 22)	124,418,516	163,676,448	96,388,211	37,155,877
Total loans and receivables	316,263,624	352,037,533	307,597,872	368,629,216

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20. Trade and other receivables (contd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 180 day (2010: 30 to 180 day) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	Group 2011 RM
Neither past due nor impaired	126,395,530
1 to 30 days past due not impaired	1,699,158
31 to 60 days past due not impaired	261,752
61 to 90 days past due not impaired	1,312,202
More than 91 days past due not impaired	1,653,069
	4,926,181
Impaired	3,390,803
	134,712,514

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM4,926,181 that are past due at the reporting date but not impaired.

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20. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are impaired

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

	Collective impaired 2011 RM	Individually impaired 2011 RM	Total 2011 RM
Trade receivables			
- nominal amount	2,490,199	900,603	3,390,802
Less: Allowance for impairment	(2,490,199)	(900,603)	(3,390,802)
	-	-	-

	RM
Movement in allowance account :	
At 1 October 2010	1,247,360
Effect of adopting FRS 139	3,449,184
Charge for the year	1,812,182
Written off	(256,584)
Reversal of impairment loss	(2,861,340)
At 30 September 2011	3,390,802

(b) Related party transactions

The amounts due from subsidiaries of the Company are unsecured and have no fixed terms of repayment. A certain portion of the amount RM105,125,826 (2010: RM129,358,710) bore interest of 5.5% (2010: 3.2%) per annum.

20. Trade and other receivables (contd.)

Other receivables that are impaired

At the reporting date, the Group has provided an allowance of RM18,603,590 and RM115,496 for impairment of the unsecured loan to associates and sundry receivables with a nominal amount of RM72,252,064 and RM115,496 respectively. The associates and sundry receivables have been suffering significant financial losses for the current and past two financial years.

	RM
Movement in allowance account	
At 1 October 2010	115,496
Effect of adopting FRS 139	17,013,674
Charge for the year	1,019,208
Exchange differences	570,708
At 30 September 2011	18,719,086

At the reporting date, the Company has provided on allowance of RM170,348,840 for impairment of the amount due from subsidiaries with a nominal amount of RM181,659,139. These subsidiaries have been suffering significant financial losses for the current and past two financial years.

	RM
Movement in allowance account	
At 1 October 2010	86,446,696
Charge for the year	83,902,144
At 30 September 2011	170,348,840

21. Other current assets

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Accrued revenue	325,348	1,353,555	-	-
Deferred expenditure	160,078	592,602	-	-
Prepayment	2,172,491	2,423,449	-	-
Tax recoverable	7,719,128	5,985,387	902,294	-
	10,377,045	10,354,993	902,294	-

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22. Cash and cash equivalents

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash on hand and at banks	45,450,272	55,681,539	29,267,901	33,934,838
Deposits with licensed banks	78,968,244	107,994,909	66,960,935	3,221,039
Cash and bank balances (Note 20)	124,418,516	163,676,448	96,228,836	37,155,877
Bank overdrafts (Note 25)	(3,888,809)	(2,592,995)	(995,139)	(991,944)
Cash and cash equivalents	120,529,707	161,083,453	95,233,697	36,163,933

The weighted average effective interests rates as at 30 September 2011 for the Group and the Company were 2.91% (2010: 1.56%) and 3.22% (2010: 2.49%) respectively.

(a) The Company's cash at bank amounting to RM142,635 (2010: RM102,191) have been deposited with a financial institution for the purpose of interest repayment obligations and working capital utilisation in relation to the Company's Islamic Private Debt Securities as mentioned in Note 25.

(b) The Company's deposits with licensed banks amounting to RM64,609,167 (2010: RM2,836,724) have been deposited with a licensed banks for the purpose of principal and interest repayment obligations in relation to the Company's Islamic Private Debt Securities as mentioned in Note 25.

(c) The Group's deposits with licensed banks and finance company amounting to RM665,956 (2010: RM631,425) have been pledged for credit facilities granted as referred to in Note 25.

(d) The Company's cash at bank amounting to RM26,718,871 have been deposited to a bank to be solely used as the bank repayment for the Company's Islamic Receivable Debt Securities as referred in Note 25.

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

	Number of Ordinary Shares of RM0.20 each		Amount				
	Share capital (issued and fully paid)	Treasury shares	Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Warrant reserve RM	Treasury shares RM
At 1 October 2009	1,247,442,842	(4,090,000)	249,488,568	35,008,054	284,496,622	-	(2,511,962)
Ordinary shares issued during the year pursuant to:							
Rights issue	621,676,421	-	85,258,480	-	85,258,480	39,076,804	-
Rights issued expenses	-	-	-	(1,637,030)	(1,637,030)	-	-
Treasury shares:							
Purchased	-	(9,506,600)	-	-	-	-	(1,671,133)
Transaction costs	-	-	-	-	-	-	(9,301)
At 30 September 2010/2011	1,869,119,263	(13,596,600)	334,747,048	33,371,024	368,118,072	39,076,804	(4,192,396)

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

Authorised share capital

	Amount RM
At 30 September 2011/30 September 2010	
2,500,000,000 ordinary shares of RM0.20 each	500,000,000

Warrant reserve

This represents the reserve arising from the rights issue with free detachable warrants effected on 11 November 2009.

(b) Treasury shares

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

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

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24. Other reserves

	Foreign currency transaction reserve RM	Fair value adjustment reserve RM	Total RM
Group			
At 1 October 2009	(2,837,184)	-	(2,837,184)
Foreign currency translation	(27,807,378)	-	(27,807,378)
At 30 September 2010	(30,644,562)	-	(30,644,562)
Foreign currency translation	2,326,606	-	2,326,606
Available-for-sale financial asset - loss on fair value changes	-	(1,291,443)	(1,291,443)
At 30 September 2011	(28,317,956)	(1,291,443)	(29,609,399)

(a) Foreign currency translation reserve

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

(b) Fair value adjustment reserve

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

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25. Loans and borrowings

	WAIER	Maturity	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Short term borrowings						
Secured:						
Bank overdrafts	6.055%	On demand	1,397,353	1,056,629	-	-
Bills payable and bankers' acceptance	2.97%	2012	71,135,166	9,811,931	-	-
Bai' Bithaman Ajil Islamic Debt Securities	7,84%	2012	31,483,647	-	31,483,647	-
Murabahah commercial papers	5.49%	2012	49,313,688	40,000,000	49,313,688	40,000,000
Revolving credits	5.45%	2012	22,000,000	34,000,000	8,000,000	20,000,000
Term loans	6.53%	2012	31,209,845	21,222,403	29,656,209	17,862,403
Obligation under finance lease liabilities (Note 29(b))	5.01%	2012	12,655,837	12,199,703	-	-
			219,195,536	118,290,666	118,453,544	77,862,403
Unsecured:						
Bank overdrafts (Note 22)	6.05%	On demand	2,491,456	1,536,366	995,139	991,944
Bill payable and bankers' acceptance			-	23,597,237	-	-
Revolving credits			-	7,000,000	-	-
Onshore foreign currency loan			-	24,636,985	-	-
			2,491,456	56,770,588	995,139	991,944
			221,686,992	175,061,254	119,448,683	78,854,347

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25. Loans and borrowings (contd.)

	WAIER	Maturity	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Long term borrowings						
Secured:						
Murabahah Commercial Papers	5.49%	2013	60,000,000	110,000,000	60,000,000	110,000,000
Bai' Bithaman Ajil Islamic Debt Securities	7.84%	2013	40,000,000	70,000,000	40,000,000	70,000,000
Less: Unamortised discount			(193,093)	(852,261)	(193,093)	(852,261)
			99,806,907	179,147,739	99,806,907	179,147,739
Term loans		2013-2021	88,331,499	51,675,095	75,706,499	51,675,095
Revolving credits	5.45%	2017	40,000,000	-	40,000,000	-
Obligation under finance lease liabilities (Note 29(b))		2013-2016	67,879,736	82,449,525	-	-
			296,018,142	313,272,359	215,513,406	230,822,834
Total loans and borrowings			517,705,134	488,333,613	334,962,089	309,677,181

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25. Loans and borrowings (contd.)

The remaining maturities of the loans and borrowings as at 30 September 2011 and 30 September 2010 are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
On demand or within one year	221,910,802	175,061,254	119,448,683	78,854,347
More than one year and less than two years	149,345,495	113,656,432	136,275,358	101,413,410
More than two year and less than five years	123,472,924	164,884,703	62,887,134	129,409,424
5 years or more	22,975,913	34,731,224	16,350,914	-
	517,705,134	488,333,613	334,962,089	309,677,181

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

(i) 12,500,000 ordinary shares of RM1 each of Highline Shipping Sdn. Bhd. as disclosed in Note 16(b);

(ii) Vessels and vessel equipment of the Group as disclosed in Note 13;

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

(iv) Deposits with licensed banks and finance company of the Group as disclosed in Note 22(a), (b), (c) and (d).

(b) Murabahah Commercial Papers/Murabahah Medium Term Notes ("MCP/ MMTN")

On 17 October 2005, the Company entered into agreement with Affin Investment Bank Berhad and various parties to raise RM150 million MCP/MMTN. RM150 million has been fully issued in the form of MCP, the proceeds of which were utilised to finance the settlement of vessels and for working capital.

The MCP/MMTN will expire five to seven years from the date of first issue i.e. 24 November 2005. The tender rates for the MCP ranged between 3.1% and 4.5% (2010: 4.1% and 5.2%) per annum.

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25. Loans and borrowings (contd.)

(b) Murabahah Commercial Papers/Murabahah Medium Term Notes ("MCP/ MMTN") (contd.)

The MCP/MMTN are secured by third party charges over certain vessels owned by the Group as mentioned in Note 13, as well as certain of the Company's bank balances and deposits with licensed banks mentioned in Note 22, together with assignment of contract proceeds of long-term shipping contracts and insurances of certain vessels of the Group.

The amount and settlement dates of the MCP/MMTN are as follows:

Settlement date	**Amount to be settled** RM
24 November 2011	50,000,000
24 November 2012	60,000,000
	110,000,000

(c) Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")

On 12 December 2005, the Company entered into agreement with Affin Investment Bank Berhad and various parties to raise RM70 million BaIDS.

The BaIDS will expire six to seven years from the date of first issue ie. 23 December 2005. The profit rates for the BaIDS ranged between 7.5% and 8.1% (2010: 7.5% and 8.1%) per annum.

The BaIDS are secured by third party charges over certain vessels owned by the Group as mentioned in Note 13, as well as certain of the Company's bank balances and deposits with licensed banks mentioned in Note 22, together with assignment of contract proceeds of long-term shipping contracts and insurances of certain vessels of the Group.

The amount and settlement dates of the BaIDS are as follows:

Settlement date	**Amount to be settled** RM
23 December 2011	30,000,000
23 December 2012	40,000,000
	70,000,000

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For the financial year ended 30 September 2011

26. Trade and other payables

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	23,549,227	29,902,440	-	-
Other payables				
Amount due to directors	763,476	807,677	165,000	195,000
Dividend payable	16,542	-	16,542	-
Sundry payables	13,730,936	7,683,311	74,141	1,767
Deposits	92,940	91,905	-	-
Accruals	9,368,715	8,091,920	171,315	1,663,963
	23,972,609	16,674,813	426,998	1,860,730
Total trade and other payables	47,521,836	46,577,253	426,998	1,860,730
Add: Loans and borrowings	517,705,134	488,333,613	334,962,089	309,677,181
Total financial liabilities carried at amortised cost	565,226,970	534,910,866	335,389,087	311,537,911

(a) Trade payables

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

(b) Amount due to directors

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

(c) Sundry payables

These amounts are non-interest bearing. Sundry payables are normally settled on an average term of six months (2010: average term of six months).

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For the financial year ended 30 September 2011

27. Other current liabilities

	Group 2011 RM	Group 2010 RM
Deferred revenue	680,657	628,778

28. Deferred tax

	Group 2011 RM	Group 2010 RM
At 1 October	(10,606,247)	(13,297,999)
Recognised in profit or loss (Note 10)	18,147,949	2,691,752
At 30 September	7,541,702	(10,606,247)
Presented after appropriate offsetting as follows:		
Deferred tax assets	19,870,633	2,177,688
Deferred tax liabilities	(12,328,931)	(12,783,935)
	7,541,702	(10,606,247)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the group:

	Property, plant and equipment RM
At 1 October 2010	26,987,379
Recognised in profit or loss	3,054,589
At 30 September 2011	30,041,968
At 1 October 2009	25,701,214
Recognised in profit or loss	1,286,165
At 30 September 2010	26,987,379

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28. Deferred tax (contd.)

Deferred tax assets of the group:

	Unrealised foreign exchange RM	Allowance for impairment RM	Unabsorbed capital allowances RM	Total RM
At 1 October 2010	-	-	16,381,132	16,381,132
Recognised in profit or loss	465,000	316,000	20,421,538	21,202,538
At 30 September 2011	465,000	316,000	36,802,670	37,583,670
At 1 October 2009	-	-	12,403,215	12,403,215
Recognised in profit or loss	-	-	3,977,917	3,977,917
At 30 September 2010	-	-	16,381,132	16,381,132

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

	Group 2011 RM	Group 2010 RM
Unused tax losses	2,312,025	76,011,263
Unabsorbed capital allowances	98,889	1,906,308
Others	-	201,918
	2,410,914	78,119,489

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

29. Capital commitments

(a) Capital commitments

Capital expenditure as at reporting date is as follows:

	Group	
	2011	**2010**
	RM	RM
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	-	25,000,000
Approved and not contracted for:		
Property, plant and equipment	-	30,000,000

(b) Finance lease commitments

The Group has finance leases for certain items of plant and equipment and furniture and fixtures (Note 13). These leases do not have terns of renewal, but have purchase options at nominal values at the end of the lease term.

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

	Group	
	2011	**2010**
	RM	RM
Minimum lease payments:		
Not later than one year	16,951,114	17,164,864
Later than one year but not later than two years	15,768,860	16,399,875
Later than two years but not later than five years	61,066,374	43,579,875
Later than five years	-	35,291,640
Total minimum lease payments	93,786,348	112,436,254
Less: Amount representing finance charges	(13,250,774)	(17,787,026)
Present value of minimum lease payments	80,535,574	94,649,228

29. Capital commitments (contd.)

(b) Finance lease commitments (contd.)

	Group 2011 RM	Group 2010 RM
Present value of payments:		
Not later than one year	12,655,837	12,199,703
Later than one year but not later than two years	12,256,449	12,243,022
Later than two years but not later than five years	55,623,287	35,475,279
Later than five years	-	34,731,224
Present value of minimum lease payments	80,535,573	94,649,228
Less: Amount due within 12 months (Note 25)	(12,655,837)	(12,199,703)
Amount due after 12 months (Note 25)	67,879,736	82,449,525

30. Related party transactions

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

	Company 2011 RM	Company 2010 RM
Subsidiaries:		
Dividend income	4,106,205	30,000,000
Interest income	11,731,923	11,367,897

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For the financial year ended 30 September 2011

30. Related party transactions (contd.)

(b) Compensation of key management personnel

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Short-term employee benefits	12,384,898	13,554,016	141,875	170,000
Post-employment benefits:				
Defined contribution plan	832,402	886,711	-	-
	13,217,300	14,440,727	141,875	170,000

Included in the total key management personnel are:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Directors' remuneration (Note 9)	7,192,273	10,141,675	141,875	170,000

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32. Fair value of financial instruments

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

	Note	2011 Carrying amount RM	2011 Fair value RM	2010 Carrying amount RM	2010 Fair value RM
Financial liabilities:					
Group					
Long term receivables					
- Obligations under finance leases	29(b)	80,535,573	99,158,898	94,649,228	99,158,898
- Fixed rate bank loans and bonds	25	70,000,000	73,832,466	73,360,000	74,353,661
Company					
Long term receivables					
- Fixed rate bank loans and bonds	25	70,000,000	73,832,466	70,000,000	71,370,594

B. Determination of fair value

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

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

	Note
Trade and other receivables	20
Loans and borrowings	25
Trade and other payables	26

32. Fair value of financial instruments (contd.)

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

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

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

Obligation under finance lease

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

Quoted equity instruments

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

33. Financial risk management objectives and policies

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

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

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

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For the financial year ended 30 September 2011

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

(a) Credit risk

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

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

Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the statements of financial position.

- A nominal amount of RM169,459,434 (2010: RM180,955,521) relating to corporate guarantee provided by the Company to subsidiaries' borrowings.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 20(a).

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Notes to the Financial Statements
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33. Financial risk management objectives and policies (contd.)

(a) Credit risk (contd.)

Credit risk concentration profile

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

	2011	
	RM'000	% of total
By country:		
North Asia	83,975	62%
Malaysia	20,117	15%
Other countries	30,620	23%
	134,712	100%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

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Notes to the Financial Statements
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33. Financial risk management objectives and policies (contd.)

(b) Liquidity risk

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

Analysis of financial instruments by remaining contractual maturities

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

	2011			
	On demand or within one year RM	**One to five years** RM	**Over five years** RM	**Total** RM
Financial liabilities:				
Group				
Trade and other payables	47,521,836	-	-	47,521,836
Loans and borrowings	235,170,150	290,114,340	24,119,286	549,403,776
Total undiscounted financial liabilities	282,691,986	290,114,340	24,119,286	596,925,612

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Notes to the Financial Statements
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33. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

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

	2011			
	On demand or within one year RM	**One to five years** RM	**Over five years** RM	**Total** RM
Financial liabilities:				
Company				
Trade and other payables	426,998	-	-	426,998
Loans and borrowings	131,605,994	214,395,337	16,772,258	362,773,589
Total undiscounted financial liabilities	132,032,992	214,395,337	16,772,258	363,200,587

(c) Interest rate risk

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

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

Sensitivity analysis for interest rate risk

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

	Increase/ decrease in basis points	**Group 2011 Effect on profit net of tax** RM	**Company 2011 Effect on profit net of tax** RM
Loans and borrowings	+50	(421,172)	(317,813)
Loans and borrowings	-50	421,172	317,813

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

(d) Foreign currency risk

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

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

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM3,556,539 and RM1,527,531 for the Group and the Company respectively.

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

Sensitivity analysis for foreign currency risk

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

		Group 2011 Profit net of tax RM	**Company 2011 Profit net of tax RM**
USD/RM	- strengthened 3%	(2,198,664)	(1,188,463)
	- weakened 10%	7,328,880	3,961,543
SGD/RM	- strengthened 3%	(36,675)	-
	- weakened 5%	61,125	-
EURO/RM	- strengthened 3%	6,205	-
	- weakened 10%	(41,366)	-
PGK/RM	- strengthened 3%	(20,379)	-
	- weakened 10%	135,858	-

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. No changes were made in the objective, policies and processes during the years ended 30 September 2011 and 2010.

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

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Net debt					
Loans and borrowings	25	517,705,134	488,333,613	334,962,089	309,677,181
Trade and other payables	26	47,521,836	46,577,253	426,998	1,860,730
Less: Cash and bank balance	22	(124,418,516)	(163,676,448)	(96,228,836)	(37,155,877)
		440,808,454	371,234,418	239,160,251	274,382,034
Capital					
Equity attributable to owners of the parent		484,450,660	575,511,439	274,466,968	384,315,009
Capital and net debt		925,259,114	946,745,857	513,627,219	658,697,043
Gearing ratio		47.6%	39.2%	46.6%	41.7%

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35. Segment information

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

i. The shipping segment is involved in shipping and related activities.

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

iii. The management services segment is in the business of providing management services.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

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

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

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Notes to the Financial Statements
For the financial year ended 30 September 2011

35. Segment information (contd.)

30 September 2011

	Trading RM	Shipping & related activities RM	Management services RM	Adjustments and eliminations RM	Note	Consolidated RM
Revenue						
External sales	66,436,631	503,491,310	-			569,927,941
Inter-segment sales	2,458,175	13,594,580	4,106,205	(20,158,960)	A	-
Total revenue	68,894,806	517,085,890	4,106,205	(20,158,960)		569,927,941
Results						
Interest income	16,332	394,384	12,761,662	(11,772,574)		1,399,804
Depreciation and amortisation	14,570	48,232,935	1,436	(8,999)		48,239,941
Impairment losses on investment in associate	-	2,340,093	-	-		2,340,093
Impairment losses on property, plant and equipment	-	58,980,457	-	-		58,980,457
Other non-cash expenses	(139,553)	5,769,616	-	-	B	5,630,063
Segment profit/(loss)	882,023	(74,684,178)	16,186,092	(32,284,960)	C	(89,901,023)
Assets						
Investment in associates	-	1	-	-		1
Additions to non-current assets	-	124,132,111	-	-	D	124,132,111
Segment assets	20,130,878	955,275,178	298,531,034	(210,896,367)	E	1,063,040,723

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Notes to the Financial Statements
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35. Segment information (contd.)

30 September 2010

	Trading RM	Shipping & related activities RM	Management services RM	Adjustments and eliminations RM	Note	Consolidated RM
Revenue						
External sales	120,687,569	513,755,358	-			634,442,927
Inter-segment sales	2,028,627	30,189,492	30,000,000	(62,218,119)	A	-
Total revenue	122,716,196	543,944,850	30,000,000	(62,218,119)		634,442,927
Results						
Interest income	19,711	2,173,605	12,405,012	(11,458,115)		3,140,213
Depreciation and amortisation	14,497	45,480,013	1,611	(8,999)		45,487,122
Share of results of associates	-	(3,133,018)	-	-		(3,133,018)
Reversal of impairment losses on investment in associates	-	(1,200,000)	-	-		(1,200,000)
Other non-cash expenses	-	1,799,114	-	-	B	1,799,114
Segment profit/(loss)	2,354,810	20,428,472	29,913,807	(43,843,340)	C	8,853,749
Assets						
Investment in associates	-	12,042,469	-	1,154,168		13,196,637
Additions to non-current assets	-	221,438,111	-	-	D	221,438,111
Segment assets	34,724,534	936,959,247	278,082,188	(125,618,898)	E	1,124,147,071

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Notes to the Financial Statements
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35. Segment Information (contd.)

A Inter-segment revenues are eliminated on consolidation.

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

	2011 RM	2010 RM
Impairment of financial assets:		
- Trade and other receivables	2,831,390	1,001,918
- Quoted equity instrument	5,660,013	-
Reversal of impairment loss on trade and other receivables	(2,861,340)	-
Property, plant and equipment written off	-	797,196
	5,630,063	1,799,114

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

	2011 RM	2010 RM
Inter-segment dividend	(3,079,654)	(30,000,000)
Foreign exchange (gain)/loss recognised in other comprehensive income	(4,429,977)	11,346,712
Finance costs	(24,775,329)	(25,190,052)
	(32,284,960)	(43,843,340)

D Additions to non-current assets consists of:

	2011 RM	2010 RM
Property, plant and equipment	122,908,748	208,722,538
Intangible assets	747,714	2,372,938
Prepaid land lease payment	475,649	10,342,635
	124,132,111	221,438,111

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Notes to the Financial Statements
For the financial year ended 30 September 2011

35. Segment information (contd.)

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

	2011 RM	2010 RM
Inter-segment assets	(210,896,367)	(125,618,898)

Geographical information

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

Information about major customers

The customers are very diversed and no single customer contributes significantly to the group's revenue.

36. Significant events

(a) On 10 November 2010, the Company incorporated a subsidiary company known as Hubline Asia Sdn. Bhd. with a paid-up capital of RM2.

(b) On 17 January 2011, the Company incorporated seven subsidiary companies as follows:

(i) Hubline Bulk Sdn. Bhd. with a paid-up capital of RM2;

(ii) Hubline Carrier Sdn. Bhd. with a paid-up capital of RM2;

(iii) Hubline Delta Sdn. Bhd. with a paid-up capital of RM2;

(iv) Hubline Equity Sdn. Bhd. with a paid-up capital of RM2;

(v) Hubline Fortune Sdn. Bhd. with a paid-up capital of RM2;

(vi) Hubline Glory Sdn. Bhd. with a paid-up capital of RM2; and

(vii) Hubline Harbour Sdn. Bhd. with a paid-up capital of RM2.

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Notes to the Financial Statements
For the financial year ended 30 September 2011

36. Significant events

(c) On 17 March 2011, a memorandum of understanding was signed between the Company with Gulf Oil & Gas Corporation Limited, Energy Pro Limited and East Ocean Asia Pacific Investment Limited for a proposed joint venture company to undertake within, through connecting and/or over the Gulf Province of Papua New Guinea the business of providing shipping and logistic support, undertaking of mobilization works and procurement of materials in relation to liquefied natural gas and other projects. The Company will hold 65% equity interest in the proposed joint venture company.

37. Subsequent events

On 30 November 2011, the Company proposed to undertake a private placement of up to 16.5% of the existing issued and paid-up share capital in the Company together with free detachable warrants ("Additional Warrants") in the Company on the basis of three (3) free warrants for every two (2) ordinary shares subscribed ("Placement Shares"), which are collectively known as "Proposed Private Placement".

The proceeds raised from the Proposed Private Placement will be used for the acquisition and/or chartering of vessels, general working capital for the Group and related issuance costs.

On 6 December 2011, the Company has proposed to increase its authorised share capital from RM500,000,000 comprising 2,500,000,000 ordinary shares of RM0.20 each to RM1,000,000,000 comprising 5,000,000,000 ordinary shares of RM0.20 each.

On 22 December 2011, Bursa Securities Malaysia Berhad had approved the Proposed Private Placement.

On 23 December 2011, Bank Negara Malaysia had approved the Proposed Private Placement.

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Notes to the Financial Statements
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37. Subsequent events (contd.)

On 20 January 2012, the shareholders of the Company have approved the Proposed Private Placement and proposed increase of the authorised share capital.

On 26 January 2012, 20,000,000 of Placement Shares together with 30,000,000 of Additional Warrants were allotted and issued pursuant to the first tranche of the Private Placement.

On 30 January 2012, 15,000,000 of Placement Shares together with 22,500,000 of Additional Warrants were allotted and issued pursuant to the second tranche of the Private Placement.

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For the financial year ended 30 September 2011

38. SUPPLEMENT INFORMATION – BREAKDOWN OF REALISED AND UNREALISED PROFIT/(LOSSES) DISCLOSURES

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Total retained earnings of Hubline Berhad and its subsidiaries:				
- Realised	170,183,145	278,029,106	(115,810,558)	(7,340,759)
- Unrealised	(23,065,040)	(35,271,909)	(12,724,954)	(11,346,712)
	147,118,105	242,757,197	(128,535,512)	(18,687,471)
Total share of accumulated losses from associated companies:				
- Realised	(24,728,889)	(24,728,889)	-	-
-Unrealised	(4,303,621)	(4,303,621)	-	-
	(29,032,510)	(29,032,510)	-	-
Less: Consolidation adjustments	(7,028,016)	(10,571,166)	-	-
Total retained earnings	111,057,579	203,153,521	(128,535,512)	(18,687,471)

UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF OUR GROUP FOR THE NINE (9)-MONTH FPE 30 JUNE 2012

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 30 JUNE 2012

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.12 RM '000	Preceding Year Quarter Ended 30.06.11 RM '000	Current Year To Date 30.06.12 RM '000	Preceding Year To Date 30.06.11 RM '000
Revenue	122,404	131,343	359,202	448,099
Operating Expenses	(106,388)	(114,294)	(311,761)	(388,483)
	16,016	17,049	47,441	59,616
Other Operating Income	802	2,986	3,962	10,830
Administrative Expenses	(8,815)	(10,275)	(24,491)	(52,968)
Finance Cost	(4,962)	(6,700)	(18,121)	(19,137)
Profit/ (Loss) before taxation	3,041	3,060	8,791	(1,659)
Taxation	(70)	123	(693)	19,023
Profit/ (Loss) for the period	2,971	3,183	8,098	17,364
Other comprehensive income:				
Currency translation differences	1,360	417	2,400	(2,588)
Net (Loss)/Gain on available for sale financial assets	3,749	(578)	4,323	(578)
Total Comprehensive income for the period	8,080	3,022	14,821	14,198
Profit attributable to:				
Equity holders of the parent	2,971	3,183	8,098	17,364
		-		
Total comprehensive income attributable to:				
Equity holders of the parent	8,080	3,022	14,821	14,198
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.14	0.17	0.40	0.94
Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 September 2011)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	AS AT END OF CURRENT QUARTER 30.06.2012 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 30.09.2011 RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	576,309	583,154
Prepaid Land Lease Payments	10,627	10,709
Intangible assets	86,736	87,243
Available for Sale Investments	8,308	4,004
Deferred tax assets	19,762	19,871
	701,742	704,981
Current Assets		
Inventories	30,667	31,420
Trade receivables	146,235	131,322
Other receivables	71,486	63,181
Tax recoverable	4,438	7,719
Cash and bank balances	33,979	124,418
	286,805	358,060
TOTAL ASSETS	988,547	1,063,041
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	375,265	334,747
Treasury shares	(4,192)	(4,192)
Reserves	189,113	153,896
Total equity	560,186	484,451
Non-current liabilities		
Long term borrowings	164,570	296,018
Deferred tax liabilities	12,366	12,329
	176,936	308,347
Current Liabilities		
Short term borrowings	219,851	221,687
Trade payables	18,507	23,549
Other payables	12,953	24,654
Taxation	114	353
	251,425	270,243
Total liabilities	428,361	578,590
TOTAL EQUITY AND LIABILITIES	988,547	1,063,041
Net assets per share (RM)	0.28	0.26

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 September 2011)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 30 JUNE 2012

	CURRENT YEAR TO DATE ENDED 30.06.2012 RM'000	PRECEDING YEAR TO DATE ENDED 30.06.2011 RM'000
Profit/ (Loss) before taxation	8,791	(1,659)
Adjustments for :-		
Interest expenses	18,121	19,137
Interest income	(805)	(1,045)
Other Non-operating items	35,149	45,375
Operating profit before working capital changes	61,256	61,808
Net change in current assets	(23,442)	(1,522)
Net change in current liabilities	(16,742)	(8,993)
Tax (paid)/ refunded	3,158	(1,624)
Interest paid	(18,121)	(19,137)
Net cash generated from/ (used in) operating activities	6,109	30,532
Investing activities		
Purchase of property, plant and equipment	(46,186)	(101,239)
Proceeds from sales of property, plant and equipment	19,184	15,962
Interest received	805	1,045
Net cash (used in)/generated from investing activities	(26,197)	(84,232)
Financing activities		
Proceeds from Private Placement	61,046	0
Private Placement expenses	(132)	0
Repayment of borrowings	(144,673)	(102,626)
Proceeds from borrowings	11,515	87,542
Net cash (used in)/generated from financing activities	(72,244)	(15,084)
Net changes in cash and cash equivalents	(92,332)	(68,784)
Cash and cash equivalents at beginning of financial period	120,530	161,083
Effects of Exchange Rate Changes	2,018	(2,588)
Cash and cash equivalents at end of the financial period	30,216	89,711

Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	33,979	93,375
Bank overdraft	(3,763)	(3,664)
Cash and cash equivalents	30,216	89,711

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2011)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2012

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED 30 JUNE 2012

	< Attributable to Equity Holders of the Parent						>		
	< Non-distributable				>	Distributable			
	Share capital RM'000	Warrant reserve RM'000	Treasury shares RM'000	Share premium RM'000	Other reserves RM'000	Retained profit RM'000	Total Equity RM'000	Minority Interest RM'000	Total Equity RM'000
9 MONTHS ENDED 30 JUN 2011									
At 1 OCTOBER 2010	334,747	39,077	(4,192)	33,371	(30,644)	203,153	575,512	-	575,512
Effects of changes in accounting policies						(20,513)	(20,513)		(20,513)
Restated balance	334,747	39,077	(4,192)	33,371	(30,644)	182,640	554,999		554,999
Total comprehensive income for the period					(3,166)	17,364	14,198	-	14,198
At 30 JUNE 2011	334,747	39,077	(4,192)	33,371	(33,810)	200,004	569,197	-	569,197
9 MONTHS ENDED 30 JUN 2012									
At 1 OCTOBER 2011	334,747	39,077	(4,192)	33,371	(29,609)	111,057	484,451	-	484,451
Private placement proceeds	40,518	20,528					61,046		61,046
Private placement expenses				(132)			(132)		(132)
Total comprehensive income for the period					6,723	8,098	14,821	-	14,821
At 30 JUNE 2012	375,265	59,605	(4,192)	33,239	(22,886)	119,155	560,186	-	560,186

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2011

HUBLINE BERHAD
(Company No:23568-H)

NOTES TO THE INTERIM FINANCIAL REPORT – FRS 134

A1. Basis of preparation

The Interim Financial Report of the Group is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Interim Financial Report should be read in conjunction with the audited financial statement of the Group for the year ended 30 September 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 September 2011.

A2. Changes in accounting policies

The significant accounting policies adopted in this Interim Financial Report are consistent with those of the audited financial statements for the year ended 30 September 2011 except for the adoption of Financial Reporting Standards ("FRSs") effective for financial periods beginning 1 October 2011 as follows:

- Amendments to FRS 1: Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled share-based Payment Transactions
- Amendments to FRS 3: Business Combinations (Revised)
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Improvements to FRS issued in 2010
- IC Interpretation 4: Determining whether an Arrangement Contains a Lease
- IC Interpretation 18: Transfers of Assets from Customers
- TR 3: Guidance on Disclosure of Transition to IFRSs
- TR i – 4: Shariah Compliant Sale Contracts
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

The application of the above Amendments to FRSs, Interpretations, and Amendments to interpretations did not result in any significant changes in the accounting policies and the presentation of the financial results of the Group.

A3. Auditors' report on preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 30 September 2011 was not qualified.

A4. Seasonality or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A5. Nature and amount of unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows of the Group that were unusual because of nature, size or incidence for the current period under review.

A6. Changes in estimates

There were no changes in the estimates of amounts, which give a material effect in the current interim period.

HUBLINE BERHAD
(Company No:23568-H)

A7. Issuance or repayment of debts and equity securities

There were no issuances, cancellations, repurchases, resale of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period under review.

A8. Dividends paid

No dividends have been paid for the current financial period to date.

A9. Segmental Information

	Trading RM'000	Shipping & Related Activities RM'000	Elimination RM'000	Group RM'000
REVENUE AND RESULTS				
Revenue				
External sales	391	358,811		359,202
Inter-segment sales	1,899		(1,899)	
Total revenue	2,290	358,811	(1,899)	359,202
Results				
Interest income	1	804		805
Finance cost	(1)	(18,120)		(18,121)
Segment (loss)/profit before taxation	461	8,330		8,791

A10. Profit before Tax

The following items have been included in arriving at profit before tax:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.12 RM '000	**Preceding Year Quarter Ended 30.06.11 RM '000**	**Current Year To Date 30.06.12 RM '000**	**Preceding Year To Date 30.06.11 RM '000**
Interest income	118	577	805	1,045
Other income	9	547	1,567	6,654
Foreign exchange gains/(losses) (net)	(64)	(364)	843	478
Gain/(Loss) on disposal of property, plant and equipment	(1,060)	(1,721)	237	(9,439)
Depreciation and amortisation	(12,594)	(12,405)	(34,537)	(35,875)
Provision for impairment on trade and non trade receivables	(188)	(39)	(312)	(478)
Impairment loss on investments/ associates	-	25	-	(6,850)

HUBLINE BERHAD
(Company No:23568-H)

A11. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward, without amendment from the most recent annual audited financial statements.

A12. Subsequent material events

There were no material events subsequent to the end of the current quarter that has not been reflected in the financial statement for the current period.

A13. Changes in composition of the Company

There was no change in the composition of the Group during the current quarter under review.

A14. Changes in contingent liabilities or contingent assets

The contingent liabilities of the Company are as follows:

	RM'000
Corporate Guarantees given to financial institutions and third parties for credit facilities provided to subsidiaries	101,337

HUBLINE BERHAD
(Company No:23568-H)

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

Group revenue for the third quarter ended 30 June 2012 was RM 122.4 million. This amount was approximately RM 9 million lower when compared with the previous year corresponding period of RM 131.3 million.

Despite the slight decline in revenue of around 6.8% when compared to the previous corresponding period, the gross profit margin is still maintained at 13%, which is attributed to the rationalization of trade routes to maximize returns on deployment of our vessels vis-à-vis the prevailing high fuel costs.

Group revenue for the nine months ended 30 June 2012 was RM 359 million. This amount was approximately RM 89 million lower compared with the previous year corresponding period of RM 448 million. This was mainly due to the reduction in trading revenue of RM 67 million.

B2. Comparison with preceding quarter's results

The pre-tax profit recorded in the third quarter remained flat at RM 3 million compared to the preceding quarter.

B3. Commentary on Prospects

The Group does not expect external conditions for both containerised shipping and dry-bulk sectors to get any easier in the short to medium term against a macro backdrop of excessive supply of shipping services, uncertainty stemming from the Eurozone crisis and softness in macro-economic data regarding China's economy.

Looking forward, the Group expects the highly competitive operating environment to continue, putting pressure on both revenue and earnings. However, the Group shall continue to review its operations with the objective of containing costs and maximising exposure to higher yielding, higher volume trade routes.

B4. Variance of actual profit from forecast profit and shortfall in profit guarantee

Not applicable as the Group did not issue any profit forecast and /or profit guarantee for the quarter.

B5. Taxation

	Quarter ended 30 June 2012 RM'000	Year to date 30 June 2012 RM'000
Income tax charge		
- current period	374	(168)
Deferred taxation	(444)	(525)
	(70)	(693)

The income of the Group that is derived from the operations of sea-going Malaysian registered ships is tax exempt under Section 54A of the Income Tax Act, 1967. The taxation charge for the Group is attributable to tax in respect non-tax exempt activities of the Group.

B6. Sales of unquoted investment and/or properties

There are no sales of unquoted investment and/or properties during the current quarter and financial year to date.

HUBLINE BERHAD
(Company No:23568-H)

B7. Purchase or disposal of quoted securities

There was no purchase or disposal of quoted securities during the current quarter.

Particulars of investments in quoted securities as at 30 June 2012 are as follows:-

Quoted Shares	RM '000
At cost	24,573
At book value	8,307
At market value	8,307

B8. Status of corporate proposals

On 11 June 2012, Hubline proposed a renounceable two call rights issue of 1,080,378,032 new ordinary shares of RM0.20 each in Hubline on the basis of one (1) rights share for every two (2) existing ordinary shares held in Hubline, together with 432,151,213 free detachable new warrants 2009/2019 on the basis of two (2) additional warrants for every five (5) rights shares subscribed on entitlement date.

On 5 July 2012, the listing application to Bursa Malaysia Securities Berhad and the application to the Controller of Foreign Exchange (via Bank Negara Malaysia) were submitted.

On 18 July 2012, the application to the Controller of Foreign Exchange (via Bank Negara Malaysia) was approved. This was followed by approval from Bursa Malaysia Securities Berhad for the listing application on 26 July 2012.

At the Company's EGM held on 16 August 2012, shareholders approved the proposal. The issue price for the Rights Shares is fixed at RM0.20 per share payable in two calls. The first call price is RM0.07and shall be payable in cash, in full on application for the shares. The second call of RM0.13 per Rights Shares will be capitalized from the Company's share premium and retained earnings accounts. Therefore, all entitled shareholders who subscribe for the Rights Shares will not be required to make any further cash payments after the payment of RM0.07 for the first call.

It is expected that this exercise be completed before 31 October 2012.

B9. Group borrowings and debt securities

Details of the Group's borrowings at the end of the reporting period:

	RM'000
Short term borrowings:	
- secured	140,461
- unsecured	79,390
Total	219,851
Long term borrowings :	
- secured	106,123
- unsecured	58,447
Total	164,570

B10. Off balance sheet financial instruments

There are no financial instruments with off balance sheet risk at the date of this quarterly report.

B11. Derivatives

There were no derivatives entered into by the Group as at the end of the quarter under review.

HUBLINE BERHAD
(Company No:23568-H)

B12. Gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from the fair value changes of financial liabilities.

B13. Material litigation

As at the date of this report, Hubline and its subsidiaries, are not engaged in any litigation, claims or arbitration, either as plaintiff or defendant and do not know of any proceedings pending or threatened or of any fact which may materially affect their income from, title to or possession of any of their assets and /or businesses.

B14. Dividend declared

The Directors do not recommend any dividend for the quarter under review.

B15. Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the net profit for the quarter/year by the weighted average number of ordinary shares in issue.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30.06.2012	Quarter Ended 30.06.2011	Year to Date ended 30.06.2012	Year to Date ended 30.06.2011
Net profit attributable to equity holders of the parent (RM'000)	2,971	3,183	8,098	17,364
Weighted average no. of ordinary shares ('000)	2,122,747	1,855,523	2,019,686	1,855,523
Basic earnings per share attributable to equity holders of the parent (sen)	0.14	0.17	0.40	0.94

(b) Diluted

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

B16. Realised and unrealised profits/losses

	Current Quarter 30.06.2012 RM'000	Preceding Quarter 31.03.2012 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	31,680	26,988
- Unrealised	11,057	9,795
	42,737	36,783
Total share of retained profits from associate		
- Realised	(30,187)	(30,187)
- Unrealised	-	-
	(30,187)	(30,187)
Less: Consolidation adjustments	106,605	109,588
Retained profits as per financial statements	119,155	116,184

HUBLINE BERHAD
(Company No:23568-H)

B17. Authority for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 August 2012.

HUBLine

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

11 SEP 2012

To: The Shareholders of Hubline Berhad

On behalf of the Board of Directors of Hubline Berhad ("**Hubline**" or the "**Company**") ("**Board**"), I wish to report that after making due enquiries in relation to Hubline and its subsidiaries ("**Group**") during the period between 30 September 2011, being the date to which the latest audited consolidated financial statements have been made up, and the date of this letter, being a date not earlier than fourteen (14) days before the date of this Abridged Prospectus:-

(a) In the opinion of the Board, the business of our Group has been satisfactorily maintained;

(b) In the opinion of the Board, no circumstances have arisen since the latest audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(c) The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) Save as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(e) There has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/ or principal sums in relation to any borrowings in our Group since the latest audited consolidated financial statements of our Group; and

(f) Save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the latest audited consolidated financial statements.

Yours faithfully
For and on behalf of the Board of
HUBLINE BERHAD

DENNIS LING LI KUANG
Executive Chairman / Chief Executive Officer

ADDITIONAL INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights Shares, Additional Warrants and the new Shares to be issued pursuant to the exercise of the Additional Warrants, no securities shall be allotted or issued on the basis of this AP later than twelve (12) months after the date of the issuance of this AP.

(ii) As at the date of this AP, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.20 each, all of which rank *pari passu* with one another.

(iii) All the Rights Shares and the new Shares to be issued pursuant to the exercise of the Additional Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the existing issued and paid-up ordinary share capital, save and except that such Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of such Shares.

(iv) As at the date of this AP, save for the warrantholders who are entitled to exercise their rights for each Warrant 2009/2019 held and the Entitled Shareholders who will be provisionally allotted the Rights Shares together with Additional Warrants under the Rights Issue, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this AP.

(v) Save as disclosed in **Section 3.2, Appendix II** of this AP, the Rights Shares and the Shares to be issued arising from the exercise of the Warrants 2009/2019, none of our securities have been issued or agreed to be issued either as fully or partly paid-up otherwise than in cash, within two (2) years immediately preceding the date of this AP.

2. DIRECTORS' REMUNERATION

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are as follows:-

Articles 73

(a) Except where the remuneration of any Director is fixed by the Directors pursuant to Article 75 and subject to these presents each Director shall be paid out of the funds of the Company by way of remuneration for his services as Director such sum (if any) as may be fixed from time to time by the Company in General Meeting. Such remuneration shall so far as non-executive Directors are concerned be by way of a fixed sum, and not by way of a commission on or a percentage of profits or turnover. Salaries payable to executive Directors may not include a commission on or a percentage of turnover. All remuneration shall be deemed to accrue de die in diem. The Directors shall also be entitled to be paid all traveling, hotel and other expenses properly incurred by them in or with a view to the performance of their duties or in attending and returning from Meetings of the Directors or of any Committee of the Directors or General Meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors. Subject as aforesaid, fees, payable to Directors shall not be increased except pursuant to a resolution passed at a General Meeting where notice of the proposed increase has been given in the notice convening the meeting.

(b) If any Director being willing and having been called upon to do so shall render or perform extra or special services of any kind including services on any Committee established by the Directors or shall travel or reside abroad for any business or purposes of the Company he shall be entitled to receive such sum as the Directors may think fit for expenses and also such remuneration as the Directors may think fit either as a fixed sum or as a percentage of profits or otherwise and such remuneration may as the Directors shall determine be either in addition to or in substitution for any other remuneration he may be entitled to receive and the same shall be charged as part of the ordinary working expenses of the Company. Provided always that the extra remuneration payable to:-

(i) an executive Director shall not include a commission on or a percentage of turnover; and

(ii) a non-executive Director shall not include a commission on or a percentage of turnover.

A Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office or Director, and on such terms as to remuneration and otherwise as the Directors shall arrange.

Article 74(3)

A director may appoint a person approved by a majority of his co-directors to act as his alternate, PROVIDED THAT any fee paid by the Company to the alternate shall be deducted from that director's remuneration.

Article 75

The remuneration of a Managing Director may be by way of salary or commission or participation in profits or by any or all of those modes or otherwise as may be thought expedient.

3. DECLARATIONS OF CONFLICT OF INTEREST

3.1. Adviser

OSK the Adviser for the Rights Issue, confirms that as at the date of this AP, they have no equity and/or financial relationship with our Company that has resulted in or may result in a conflict of interest situation in their role as Adviser to our Company for the Rights Issue.

3.2. Due Diligence Solicitors

Messrs Tan, Goh and Associates, the due diligence solicitors for the Rights Issue, confirms that as at the date of this AP, they have no equity and/or financial relationship with our Company that has resulted in or may result in a conflict of interest situation in their role as due diligence solicitors to our Company for the Rights Issue.

3.3. Reporting Accountants

Messrs Ernst & Young, the reporting accountants for the Rights Issue, confirm that as at the date of this AP, they have no equity and/or financial relationship with our Company that has resulted in or may result in a conflict of interest situation in their role as the reporting accountants to our Company for the Rights Issue.

4. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years immediately preceding the date of this AP:-

(i) On 20 January 2012, our Company had executed the first supplemental deed poll ("**First Supplemental Deed Poll**") to supplement the Deed Poll dated 28 September 2009 executed by our Company ("**Principal Deed Poll**") in relation to the issue of up to 614,603,700 additional Warrants 2009/2019 ("**First Additional Warrant(s)**") pursuant to the private placement of new ordinary shares of RM0.20 each in Hubline representing up to 16.45% of the existing issued and paid-up share capital in Hubline together with free First Additional Warrants upon terms and condition therein contained. Pursuant to the said exercise, 457,850,100 First Additional Warrants were issued;

(ii) On 3 September 2012, our Company had executed the Second Supplemental Deed Poll to supplement the Principal Deed Poll and First Supplemental Deed Poll in relation to the Additional Warrants to be issued pursuant to the Rights Issue upon terms and conditions therein contained; and

(iii) On 3 September 2012, our Company had entered into an underwriting agreement with OSK, whereby, OSK agreed to underwrite up to 156,065,505 Rights Shares at the First Call price of RM0.07 per Rights Share pursuant to the Rights Issue upon terms and conditions therein contained.

5. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and there are no proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business operations of our Group.

6. GENERAL

(i) There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this AP.

(ii) Save as disclosed in this AP, there are no material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

(iii) Save as disclosed in this AP, the financial conditions and operations of our Group are not affected by any of the following:-

    (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

    (b) material commitments for capital expenditure;

    (c) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;

(d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on our Group's revenue or operating income; and

(e) substantial increase in revenue.

7. WRITTEN CONSENTS

The written consents of our Adviser, Company Secretary, Principal Bankers, Share Registrar, Underwriter, Bloomberg and the Solicitors for the Rights Issue to the inclusion in this AP of their names in the form and context in which they appear have been given before issuance of this AP and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this AP of their names and letters relating to the audited consolidated financial statements of our Group for the FYE 30 September 2011 and the proforma consolidated statements of financial position of our Group as at 30 September 2011 respectively, in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents are made available for inspection at the registered office of our Company at Wisma Hubline, Lease 3815 (Lot 10914), Section 64, KTLD, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak, during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this AP:-

(i) Our Memorandum and Articles of Association;

(ii) The Deed Poll constituting the Warrants 2009/2019;

(iii) The Second Supplemental Deed Poll constituting the Additional Warrants;

(iv) Our audited consolidated financial statements for the past two (2) FYE 30 September 2010 and FYE 30 September 2011;

(v) Our unaudited consolidated results for the nine (9)-month FPE 30 June 2012;

(vi) The proforma consolidated statements of financial position of our Group as at 30 September 2011 together with the notes and Reporting Accountants' letter thereon as set out in **Appendix III** of this AP;

(vii) Our Directors' Report as set out in **Appendix VI** of this AP;

(viii) The consent letters referred to in **Section 7** of this Appendix VII;

(ix) The Entitlement Undertakings letters from BPSB, DLLK, CLSE, and BLIT and the Additional Undertakings letters by BPSB and RWLH as referred to in **Section 9** of this AP; and

(x) The material contracts referred to in **Section 4** of this Appendix VII.

9. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

OSK, being the Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning this Rights Issue.

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