

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2015

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2015**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.2015 RM '000	Preceding Year Quarter Ended 30.06.2014 RM '000	Current Year To Date 30.06.2015 RM '000	Preceding Year To Date 30.06.2014 RM '000
<b>Revenue</b>	25,869	92,158	134,743	276,605
Operating Expenses	(21,026)	(81,087)	(119,833)	(244,086)
	<u>4,843</u>	<u>11,071</u>	<u>14,910</u>	<u>32,519</u>
Other Operating Income	295	647	2,128	3,494
Administrative Expenses	(5,263)	(6,452)	(20,145)	(18,786)
Other Expenses	(7,470)	-	(360,720)	-
Finance Cost	(2,947)	(2,856)	(9,202)	(9,357)
<b>Profit/ (Loss) before taxation</b>	<u>(10,542)</u>	<u>2,410</u>	<u>(373,029)</u>	<u>7,870</u>
Taxation	282	(387)	(12,424)	(846)
<b>Profit/ (Loss) for the period</b>	<u>(10,260)</u>	<u>2,023</u>	<u>(385,453)</u>	<u>7,024</u>
Other comprehensive income:				
Currency translation differences	581	(1,729)	(444)	(1,902)
Net (Loss)/Gain on available for sale financial assets	-	-	-	-
<b>Total Comprehensive income for the period</b>	<u>(9,679)</u>	<u>294</u>	<u>(385,897)</u>	<u>5,122</u>
Profit/ (Loss) attributable to: Equity holders of the parent	<u>(10,260)</u>	<u>2,023</u>	<u>(385,453)</u>	<u>7,024</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>(9,679)</u>	<u>294</u>	<u>(385,897)</u>	<u>5,122</u>
<b>Earnings per share attributable to equity holders of the parent (sen)</b>				
<b>Basic</b>	-0.32	0.06	-11.89	0.22
<b>Diluted</b>	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 2014)

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	<b>AS AT END OF CURRENT QUARTER 30.06.2015</b>	<b>AS AT PRECEEDING FINANCIAL YEAR ENDED 30.09.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, Plant and Equipment	223,530	459,733
Intangible assets	15,207	85,353
Deferred tax assets	1,405	16,145
	<u>240,142</u>	<u>561,231</u>
<b>Current Assets</b>		
Inventories	5,751	12,396
Trade and Other receivables	93,359	141,419
Tax recoverable	1,552	-
Cash and cash equivalents	4,133	12,477
	<u>104,795</u>	<u>166,292</u>
<b>TOTAL ASSETS</b>	<u>344,937</u>	<u>727,523</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	579,276	579,276
Treasury shares	(4,192)	(4,192)
Reserves	(523,680)	(137,783)
<b>Total equity</b>	<u>51,404</u>	<u>437,301</u>
<b>Non-current liabilities</b>		
Long term borrowings	132,148	97,314
Deferred tax liabilities	11,310	14,485
	<u>143,458</u>	<u>111,799</u>
<b>Current Liabilities</b>		
Short term borrowings	70,581	127,433
Trade & Other payables	78,931	50,574
Taxation	563	416
	<u>150,075</u>	<u>178,423</u>
<b>Total liabilities</b>	<u>293,533</u>	<u>290,222</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>344,937</u>	<u>727,523</u>
Net assets per share (RM)	0.016	0.13

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 September 2014)

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2015

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 JUNE 2015**

	<b>CURRENT YEAR TO DATE ENDED 30.06.2015 RM'000</b>	<b>PRECEDING YEAR TO DATE ENDED 30.06.2014 RM'000</b>
Profit/ (Loss) before taxation	(373,029)	7,870
Adjustments for :-		
Non-operating items	317,623	28,287
Interest expenses	9,202	9,357
Interest income	(26)	(24)
Operating profit before working capital changes	<u>(45,654)</u>	<u>45,490</u>
Net change in current assets	52,902	(2,072)
Net change in current liabilities	28,504	3,120
Tax (paid)/ refunded	(610)	(883)
Interest paid	<u>(9,202)</u>	<u>(9,357)</u>
<b>Net cash generated from/ (used in) operating activities</b>	<u>25,364</u>	<u>36,298</u>
Investing activities		
Purchase of property, plant and equipment	(42,718)	(14,859)
Proceeds from sales of investment, property, plant and equipment	29,423	7,401
Interest received	26	24
<b>Net cash (used in)/generated from investing activities</b>	<u>(13,269)</u>	<u>(7,434)</u>
Financing activities		
Repayment of bank borrowings	(37,192)	(27,465)
Proceeds from borrowings	15,000	-
<b>Net cash (used in)/generated from financing activities</b>	<u>(22,192)</u>	<u>(27,465)</u>
Net changes in cash and cash equivalents	(10,097)	1,399
Cash and cash equivalents at beginning of financial period	10,068	12,354
Effects of Exchange Rate Changes	1,579	(2,231)
<b>Cash and cash equivalents at end of the financial period</b>	<u>1,550</u>	<u>11,522</u>

Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	4,133	13,870
Bank overdraft	(2,583)	(2,348)
<b>Cash and cash equivalents</b>	<u>1,550</u>	<u>11,522</u>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2014)**

**HUBLINE BERHAD**  
(Company No:23568-H)

**QUARTERLY REPORT**

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2015**

	< ----- Attributable to Equity Holders of the Parent ----- >						Total Equity RM'000	Minority Interest RM'000	Total Equity RM'000
	Share capital RM'000	Warrant reserve RM'000	Treasury shares RM'000	Share premium RM'000	Other reserves RM'000	Retained profit RM'000			
<b>9 MONTHS ENDED 30 JUN 2014</b>									
At 1 October 2013	579,276	71,670	(4,192)	2,357	(11,219)	(204,680)	433,212	-	433,212
Total comprehensive income for the period					(1,902)	7,024	5,122	-	5,122
<b>At 30 June 2014</b>	<b>579,276</b>	<b>71,670</b>	<b>(4,192)</b>	<b>2,357</b>	<b>(13,121)</b>	<b>(197,656)</b>	<b>438,334</b>	<b>-</b>	<b>438,334</b>
<b>9 MONTHS ENDED 30 JUN 2015</b>									
At 1 October 2014	579,276	71,670	(4,192)	2,357	(10,392)	(201,418)	437,301	-	437,301
Total comprehensive income for the period					(444)	(385,453)	(385,897)	-	(385,897)
<b>At 30 June 2015</b>	<b>579,276</b>	<b>71,670</b>	<b>(4,192)</b>	<b>2,357</b>	<b>(10,836)</b>	<b>(586,871)</b>	<b>51,404</b>	<b>-</b>	<b>51,404</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2014.)

**NOTES TO THE INTERIM FINANCIAL REPORT – FRS 134**

**A1. Basis of preparation**

The Interim Financial Report of the Group has been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board, and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. These condensed consolidated interim financial statements should be read in conjunction with the annual audited financial statements of Hubline Berhad and its subsidiaries for the financial year ended 30 September 2014.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 September 2014 except for the adoption of the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board for the financial year commencing 1 October 2014:

- MFRS 10: Consolidated Financial Statements
- MFRS 11: Joint Arrangements
- MFRS 12: Disclosure of Interests in Other Entities
- Amendments to MFRS 119 Defined Benefits Plans: Employee Contribution
- Amendments to MFRSs Annual Improvements to MFRSs 2010 -2012 cycle

**A2. Auditors' report on preceding Annual Financial Statements**

The auditors' report on the Group's financial statements for the year ended 30 September 2014 was not qualified.

**A3. Seasonality or cyclical factors**

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

**A4. Material and unusual items**

There were no exceptional items in the quarterly financial statement under review.

**A5. Changes in estimates**

There were no changes in the estimates of amounts, which give a material effect in the current interim period.

**A6. Debts and equity securities**

There were no issuances, cancellations, repurchases, resale of debts and equity securities during the financial period under review.

**A7. Dividend**

No dividends have been declared or paid for the current financial period to date.

**HUBLINE BERHAD**  
(Company No:23568-H)

**A8. Segmental Information**

	Shipping & Related Activities RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>			
External sales	134,743	-	134,743
Inter-segment sales			
Total revenue	134,743	-	134,743
<b>Results</b>			
Interest income	26		26
Finance cost	(9,202)		(9,202)
Segment (loss)/profit before taxation	(373,029)		(373,029)

**A9. Profit before tax**

The following items have been included in arriving at profit/loss before tax:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.2015 RM '000	Preceding Year Quarter Ended 30.06.2014 RM '000	Current Year To Date 30.06.2015 RM '000	Preceding Year To Date 30.06.2014 RM '000
Interest income	5	4	26	24
Other income	295	(375)	2,128	1,340
Foreign exchange gains/(losses) (net)	(1,268)	768	(1,273)	1,202
Gain/(Loss) on disposal of property, plant and equipment and investments	-	19	82	318
Depreciation and amortisation	(5,982)	(9,390)	(22,366)	(28,605)
Container division exit provisions & expenses	(7,470)	-	(360,720)	-

**A10. 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.

**A11. Subsequent material events**

There were no material events subsequent to the end of the current quarter that has not been reflected in the financial statements for the current period.

**A12. Changes in composition of the Company**

There was no change in the composition of the Group during the current quarter under review however, on 8 July 2015, the Group announced that Hub Shipping (PNG) Co Ltd and Hubline (China) Limited, two wholly owned subsidiaries be deregistered. Both these companies were non-operating entities and their deregistration would not have a material effect on the earnings and net assets of the Group.

**A13. Changes in contingent liabilities or contingent assets**

The contingent liabilities of the Company are as follows:

Corporate Guarantees given to financial institutions and third parties for credit facilities provided to subsidiaries	RM'000
	<u>75,036</u>

**B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS**

**B1. Review of performance**

Group revenue for the quarter ended 30 June 2015 was RM 25.87 million as compared to RM 92.16 million in the corresponding period of the previous year. The decrease was mainly attributable to the exiting of the container division.

The Group suffered an overall quarter loss of RM 10.26 million as we continue to exit from the container shipping division.

**B2. Comparison with preceding quarter's results**

The Group revenue in the current quarter was RM 25.87 million, 42.5% lower as compared to the preceding quarter which recorded revenue of RM 45.0 million. This decrease was due to no revenue recognised for the container shipping division.

Administrative expenses have decreased from RM 7.7 million in the previous quarter to RM 5.2 million in the current quarter. This is despite the take up of RM 1.3 million in foreign exchange losses recognised in the current quarter. We are continuing to decrease expenses as we exit from the container division.

**B3. Commentary on Prospects**

The Group's dry bulk shipping division remains steady. This division has met our expectations for the current quarter.

The Group is still working towards the exiting of the container shipping division and the costs incurred will be reflected in the Group's 2015 income statement. To this end, we expect the Group to incur losses for the current financial year ending 30 September 2015, however, the Group is expected to benefit from this decision to exit the container shipping division in the medium to long term.

**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 2015 RM'000	Year to date 30 June 2015 RM'000
Income tax charge		
- current period	(2)	(860)
Deferred taxation	284	(11,564)
	<u>282</u>	<u>(12,424)</u>

The income of the Group that is derived from the operations of sea-going Malaysian registered ships is partially 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.

**B7. Purchase or disposal of quoted securities**

There was no purchase or disposal of quoted securities during the current quarter.

**B8. Status of corporate proposals**

On 29 May 2015, RHB Investment Bank, on behalf of the Board, announced that the Company proposes to undertake the following:

1. A proposed share capital reduction of Hubline via the cancellation of RM 0.19 of the par value of every existing issued and fully paid-up ordinary share of RM 0.20 each in Hubline, pursuant to Section 64 of the Companies Act, 1965;
2. A proposed renounceable rights issue of 6,482,268,188 new ordinary shares of RM 0.01 each in the Company on the basis of two (2) Rights Shares for every one (1) ordinary share of RM 0.01 each held in the Company, after the Proposed Par Value Reduction, together with 1,620,567,047 warrants B, on the basis of one (1) Warrant B for every four (4) Rights Shares subscribed, on an entitlement date to be determined later;
3. A proposed private placement of up to 2,917,020,684 new Hubline shares representing up to approximately 30% of the enlarged issued and fully paid up share capital of the Company after the Proposed Par Value Reduction and Proposed Rights Issue, together with up to 1,458,510,342 free detachable Warrants B on the basis of one (1) Warrant B for every two (2) Placement Shares to be subscribed by potential investors; and
4. Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Par Value Reduction.

On 15 July 2015, the Board announced that it intends to proceed with the implementation of the Proposed Rights Issue on a minimum subscription basis in the event the Board is unable to procure underwriting arrangements prior to the announcement of the Entitlement date for the Proposed Rights Issue.

On 20 July 2015, the Group announced that the listing application for the admission of Warrants B to the Official List and the listing of and quotation for the Rights Shares and Adjustment Warrants A (if any), as well as the new shares to be issued arising from the Proposed Private Placement, the new Hubline shares to be issued pursuant to the exercise of the warrants B and adjustment warrants A, if any, on the Main Market of Bursa Securities.

The proposals above are subject to approvals by shareholders and relevant authorities.

**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	22,233
- unsecured	48,348
Total	<u>70,581</u>
Long term borrowings :	
- secured	99,647
- unsecured	32,501
Total	<u>132,148</u>

**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.

**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.

The Company and its wholly owned subsidiary Hub Shipping Sdn Bhd have been granted a restraining order by the High Court of Sabah and Sarawak, in Kuching, expiring on 30 September 2015 and 17 September 2015 respectively. They are undertaking a scheme of arrangement with their scheme creditors pursuant to the exit of the container shipping business. In the interim prior to completion of the scheme, all matters with the scheme creditors have been kept in abeyance pursuant to the restraining order.

**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 30.06.2015	Quarter Ended 30.06.2014	Year to Date ended 30.06.2015	Year to Date ended 30.06.2014
Net profit attributable to equity holders of the parent (RM'000)	(10,260)	2,023	(385,453)	7,024
Weighted average no. of ordinary shares ('000)	3,241,134	3,241,134	3,241,134	3,241,134
Basic earnings per share attributable to equity holders of the parent (sen)	-0.32	0.06	-11.89	0.22

**(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 30.06.2015 RM'000	Preceding Quarter 31.03.2015 RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	(1,239,253)	(863,014)
- Unrealised	(4,037)	(4,785)
	<u>(1,243,290)</u>	<u>(867,799)</u>
Adjust for: Consolidation adjustments	656,419	291,188
Retained profits as per financial statements	<u>(586,871)</u>	<u>(576,611)</u>

**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 28 August 2015.