

**QUARTERLY REPORT**

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.09.2015 RM '000	Preceding Year Quarter Ended 30.09.2014 RM '000	Current Year To Date 30.09.2015 RM '000	Preceding Year To Date 30.09.2014 RM '000
<b>Revenue</b>	23,274	85,049	158,016	361,654
Operating Expenses	(19,197)	(78,435)	(139,030)	(322,523)
	<u>4,077</u>	<u>6,614</u>	<u>18,986</u>	<u>39,131</u>
Other Operating Income	11,964	6,177	14,093	10,431
Administrative Expenses	(3,826)	(10,952)	(23,970)	(30,497)
Other Expenses	(2,804)	-	(363,525)	-
Finance Cost	(3,450)	(3,519)	(12,652)	(12,875)
<b>Profit/ (Loss) before taxation</b>	<u>5,961</u>	<u>(1,680)</u>	<u>(367,068)</u>	<u>6,190</u>
Taxation	296	(2,082)	(12,128)	(2,928)
<b>Profit/ (Loss) for the period</b>	<u><u>6,257</u></u>	<u><u>(3,762)</u></u>	<u><u>(379,196)</u></u>	<u><u>3,262</u></u>
Other comprehensive income:				
Currency translation differences	(8,553)	2,729	(8,997)	827
Net (Loss)/Gain on available for sale financial assets	-	-	-	-
<b>Total Comprehensive income for the period</b>	<u><u>(2,296)</u></u>	<u><u>(1,033)</u></u>	<u><u>(388,193)</u></u>	<u><u>4,089</u></u>
Profit/ (Loss) attributable to: Equity holders of the parent	<u><u>6,257</u></u>	<u><u>(3,762)</u></u>	<u><u>(379,196)</u></u>	<u><u>3,262</u></u>
Total comprehensive income attributable to: Equity holders of the parent	<u><u>(2,296)</u></u>	<u><u>(1,033)</u></u>	<u><u>(388,193)</u></u>	<u><u>4,089</u></u>
<b>Earnings per share attributable to equity holders of the parent (sen)</b>				
<b>Basic</b>	0.19	-0.12	-11.70	0.10
<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)

**QUARTERLY REPORT**

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

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

	<b>AS AT END OF CURRENT QUARTER 30.09.2015</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	228,175	459,733
Intangible assets	15,207	85,353
Deferred tax assets	1,569	16,145
	<u>244,951</u>	<u>561,231</u>
<b>Current Assets</b>		
Inventories	4,823	12,396
Trade and Other receivables	89,455	141,419
Tax recoverable	825	-
Cash and cash equivalents	4,356	12,477
	<u>99,459</u>	<u>166,292</u>
<b>TOTAL ASSETS</b>	<u>344,410</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	(525,976)	(137,783)
<b>Total equity</b>	<u>49,108</u>	<u>437,301</u>
<b>Non-current liabilities</b>		
Long term borrowings	123,281	97,314
Deferred tax liabilities	10,985	14,485
	<u>134,266</u>	<u>111,799</u>
<b>Current Liabilities</b>		
Short term borrowings	77,096	127,433
Trade & Other payables	83,590	50,574
Taxation	350	416
	<u>161,036</u>	<u>178,423</u>
<b>Total liabilities</b>	<u>295,302</u>	<u>290,222</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>344,410</u>	<u>727,523</u>
Net assets per share (RM)	0.015	0.13

(The Condensed Consolidated Balance Sheets 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**

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

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

	<b>CURRENT YEAR TO DATE ENDED 30.09.2015 RM'000</b>	<b>PRECEDING YEAR TO DATE ENDED 30.09.2014 RM'000</b>
Profit/ (Loss) before taxation	(367,068)	6,190
Adjustments for :-		
Non-operating items	305,873	31,119
Interest expenses	12,652	12,875
Interest income	(34)	(43)
Operating profit before working capital changes	(48,577)	50,141
Net change in current assets	57,334	4,220
Net change in current liabilities	32,950	(27,259)
Tax (paid)/ refunded	17	(514)
Interest paid	(12,652)	(12,875)
<b>Net cash generated from/ (used in) operating activities</b>	<b>29,072</b>	<b>13,713</b>
Investing activities		
Purchase of property, plant and equipment	(49,637)	(19,439)
Proceeds from sales of investment, property, plant and equipment	29,576	27,990
Interest received	34	43
<b>Net cash (used in)/generated from investing activities</b>	<b>(20,027)</b>	<b>8,594</b>
Financing activities		
Repayment of bank borrowings	(39,644)	(27,532)
Proceeds from borrowings	15,000	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(24,644)</b>	<b>(27,532)</b>
Net changes in cash and cash equivalents	(15,599)	(5,225)
Cash and cash equivalents at beginning of financial period	10,068	5,797
Effects of Exchange Rate Changes	7,204	3,552
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,673</b>	<b>4,124</b>

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

Cash and bank balances	4,356	6,533
Bank overdraft	(2,683)	(2,409)
<b>Cash and cash equivalents</b>	<b>1,673</b>	<b>4,124</b>

**(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 SEPTEMBER 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>YEAR ENDED 30 SEP 2014</b>									
<b>At 1 October 2013</b>	579,276	71,670	(4,192)	2,357	(11,219)	(204,680)	433,212	-	433,212
Total comprehensive income for the period					827	3,262	4,089	-	4,089
<b>At 30 September 2014</b>	<u>579,276</u>	<u>71,670</u>	<u>(4,192)</u>	<u>2,357</u>	<u>(10,392)</u>	<u>(201,418)</u>	<u>437,301</u>	<u>-</u>	<u>437,301</u>
<b>YEAR ENDED 30 SEP 2015</b>									
<b>At 1 October 2014</b>	579,276	71,670	(4,192)	2,357	(10,392)	(201,418)	437,301	-	437,301
Total comprehensive income for the period					(8,997)	(379,196)	(388,193)	-	(388,193)
<b>At 30 September 2015</b>	<u>579,276</u>	<u>71,670</u>	<u>(4,192)</u>	<u>2,357</u>	<u>(19,389)</u>	<u>(580,614)</u>	<u>49,108</u>	<u>-</u>	<u>49,108</u>

(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	158,016	-	158,016
Inter-segment sales			
Total revenue	158,016	-	158,016
<b>Results</b>			
Interest income	34		34
Finance cost	(12,652)		(12,652)
Segment (loss)/profit before taxation	(367,068)		(367,068)

**A9. Profit before tax**

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.09.2015 RM '000	Preceding Year Quarter Ended 30.09.2014 RM '000	Current Year To Date 30.09.2015 RM '000	Preceding Year To Date 30.09.2014 RM '000
Interest income	8	16	34	40
Other income	540	693	2,119	2,033
Foreign exchange gains/(losses) (net)	10,035	2,391	11,307	3,593
Gain/(Loss) on disposal of property, plant and equipment and investments	-	4,042	82	4,360
Depreciation and amortisation	(2,435)	(9,207)	(18,361)	(37,812)
Container division exit provisions & expenses	(2,804)	-	(363,525)	-

**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 except, on 8 July 2015, the Group announced that Hub Shipping (PNG) Co Ltd and Hubline (China) Limited, two wholly owned subsidiaries be deregistered. Additionally, on 25 September 2015, the Group announced the striking off of dormant wholly owned subsidiaries, Hubline Bulk Sdn Bhd and Hubline Harbor Sdn Bhd. Further, on 29 September 2015 the Group also announced to dissolve a wholly owned foreign subsidiary, Manyplus Enterprise Ltd. All these dissolutions were part of the Group's restructuring plan and their deregistration/ strike-off/ dissolution 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:

	RM'000
Corporate Guarantees given to financial institutions and third parties for credit facilities provided to subsidiaries	113,170

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

**B1. Review of performance**

Group revenue for the quarter ended 30 September 2015 was RM 23.27 million as compared to RM 85.05 million in the corresponding period of the previous year. The decrease was mainly attributable to the exiting of the container division.

The Group made an overall quarter profit of RM 5.96 million mainly due to favourable exchange gains of RM 10 million. The Group incurred an additional RM 2.8 million in container exit costs.

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

The Group revenue in the current quarter was RM 23.27 million, which is marginally lower than the preceding quarter of RM 25.9 million.

Administrative expenses have decreased from RM 5.3 million in the previous quarter to RM 3.8 million in the current quarter. This was mainly due to exchange losses of RM 1.3 million recorded in the previous quarter.

**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. The Group expects 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 September 2015 RM'000	Year to date 30 September 2015 RM'000
Income tax charge		
- current period	(193)	(1,052)
Deferred taxation	489	(11,076)
	<u>296</u>	<u>(12,128)</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**

Since our last quarterly announcement made on 28 August, 2015, we have made the following progress on our corporate proposals:

On 4 September 2015 Bursa Malaysia approved the following, subject to a few conditions:

1. Admission to the Official List and the initial listing and quotation of up to 1,620,567,047 Warrants B to be issued pursuant to the Proposed Rights Issue with Warrants;
2. Additional listing of up to 1,458,510,342 free Warrants B to be issued pursuant to the Proposed Private Placement;
3. Additional listing of up to 6,482,268,188 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
4. Additional listing of up to 2,917,020,684 Placement Shares to be issued pursuant to the Proposed Private Placement;
5. Additional listing of up to 3,079,077,389 new Hubline Shares to be issued pursuant to the exercise of the Warrants B, arising from the Proposed Rights Issue with Warrants and Proposed Private Placement;
6. Additional listing of up to 431,907,923 of Warrants A arising from the adjustments pursuant to the Proposed Rights Issue with Warrants (“Additional Warrants A”); and
7. Additional listing of up to 431,907,923 new Hubline Shares to be issued pursuant to the exercise of Additional Warrants A.

On 5 October 2015, all the resolutions as set out in the Notice of the Extraordinary General Meeting (“EGM”) dated 14 September, 2015 were duly passed by the shareholders at the EGM.

On 6 October 2015 the Company filed an application to the High Court of Sabah and Sarawak in Kuching (“High Court”) to obtain the sanction of the High Court for the Proposed Par Value Reduction pursuant to Section 64 of the Act.

On 26 October 2015, the High Court granted the order confirming the Par Value Reduction pursuant to Section 64 of the Act (“**Court Order**”). The sealed copy of the Court Order has been extracted and an office copy of the Court Order was lodged with the Companies Commission of Malaysia on 2 November 2015.

On 12 November 2015, the Board fixed the issue price of the rights issue at RM 0.01 per right issue share pursuant to the rights issue.

On 18 November 2015, the Abridged Prospectus for our rights issue was submitted to Securities Commission for approval.

**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	25,687
- unsecured	51,409
Total	<u>77,096</u>
Long term borrowings :	
- secured	105,102
- unsecured	18,179
Total	<u>123,281</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**

On 15 July 2015, Textainer Equipment Management Limited (“Petitioner”) made a demand to Hub Shipping Sdn Bhd (“HSSB”) a wholly owned subsidiary of the Company, via a Statutory Notice dated 13 July 2015 pursuant to Section 218(1)(e), (i) & (2)(a) of the Companies Act, 1965, for payment of the sum of USD3,733,810.22. This Notice was served while HSSB was under a Restraining Order pursuant to Section 176(10A) of the Companies Act 1965. HSSB does not agree with the Petitioner’s amount of claim.

Subsequently, a winding-up petition against HSSB was presented on 25 September 2015 to The High Court in Malaya at Shah Alam by the Petitioner and a copy was served at the registered office of HSSB on 2 October 2015 pursuant to the above-said Statutory Notice.

The petition is fixed to be heard on 8 January 2016.

Separately, on 24 August 2015, Northport (Malaysia) Bhd (“Plaintiff”) made a demand for payment of the sum of RM3,453,442.52 against HSSB, also while HSSB was under a Restraining Order under S176 (10) Companies Act 1965. The amounts claimed arose from alleged failure to make payments for port facilities and services rendered. HSSB does not agree with the Plaintiff’s amount of claim.

Subsequently, a writ of summons against HSSB and EM Shipping Sdn Bhd (“EMS”) also a wholly owned subsidiary of the Company was presented on 5 October 2015 to The High Court of Shah Alam by the Plaintiff and a copy was served at the registered office of our Company on 21 October 2015. The total amount claimed by Plaintiff under the writ of summons and statement of claims is RM 3,497,188.64 together with interest, costs and other reliefs and orders as the court deems fit. The amount claimed includes items that HSSB disputes.

The case management is fixed for 12 January 2016.

In both cases, our Board is of the view that the financial and operational impact of the claims on our Group are not significant as our Group is exiting from the container shipping industry and our Company has already fully provided for the impairment of the total cost of investment in HSSB and EMS.

**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 30.09.2015	Quarter Ended 30.09.2014	Year to Date ended 30.09.2015	Year to Date ended 30.09.2014
Net profit attributable to equity holders of the parent (RM’000)	6,257	(3,762)	(379,196)	3,262
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)	0.19	-0.12	-11.70	0.10

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

**(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 30.09.2015 RM'000	Preceding Quarter 31.06.2015 RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	(1,227,237)	(1,239,253)
- Unrealised	14,600	(4,037)
	<u>(1,212,637)</u>	<u>(1,243,290)</u>
Adjust for: Consolidation adjustments	632,023	656,419
Retained profits as per financial statements	<u>(580,614)</u>	<u>(586,871)</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 25 November 2015.