

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2015

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2015 RM '000	Preceding Year Quarter Ended 31.12.2014 RM '000	Current Year To Date 31.12.2015 RM '000	Preceding Year To Date 31.12.2014 RM '000
Revenue	31,424	63,877	31,424	63,877
Operating Expenses	(23,136)	(60,335)	(23,136)	(60,335)
	<u>8,288</u>	<u>3,542</u>	<u>8,288</u>	<u>3,542</u>
Other Operating Income	1,858	527	1,858	527
Administrative Expenses	(3,249)	(7,458)	(3,249)	(7,458)
Other Expenses	(2,714)	-	(2,714)	-
Finance Cost	(2,525)	(2,514)	(2,525)	(2,514)
Profit/ (Loss) before taxation	<u>1,658</u>	<u>(5,903)</u>	<u>1,658</u>	<u>(5,903)</u>
Taxation	385	42	385	42
Profit/ (Loss) for the period	<u>2,043</u>	<u>(5,861)</u>	<u>2,043</u>	<u>(5,861)</u>
Other comprehensive income: Currency translation differences	4,063	(2,400)	4,063	(2,400)
Total Comprehensive income for the period	<u>6,106</u>	<u>(8,261)</u>	<u>6,106</u>	<u>(8,261)</u>
Profit/ (Loss) attributable to: Equity holders of the parent	<u>2,043</u>	<u>(5,861)</u>	<u>2,043</u>	<u>(5,861)</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>6,106</u>	<u>(8,261)</u>	<u>6,106</u>	<u>(8,261)</u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.05	-0.18	0.05	-0.18
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 2015)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	AS AT END OF CURRENT QUARTER 31.12.2015	AS AT PRECEEDING FINANCIAL YEAR ENDED 30.09.2015
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	234,145	239,881
Intangible assets	15,207	15,207
Deferred tax assets	1,041	1,530
	<u>250,393</u>	<u>256,618</u>
Current Assets		
Inventories	4,642	5,265
Trade and Other receivables	66,348	70,356
Tax recoverable	767	733
Cash and cash equivalents	68,855	4,384
	<u>140,612</u>	<u>80,738</u>
TOTAL ASSETS	<u>391,005</u>	<u>337,356</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	89,267	579,276
Treasury shares	(4,192)	(4,192)
Reserves	18,283	(534,496)
Total equity	<u>103,358</u>	<u>40,588</u>
Non-current liabilities		
Long term borrowings	139,034	104,186
Deferred tax liabilities	11,364	12,447
	<u>150,398</u>	<u>116,633</u>
Current Liabilities		
Short term borrowings	38,084	74,878
Trade & Other payables	98,762	104,884
Taxation	403	373
	<u>137,249</u>	<u>180,135</u>
Total liabilities	<u>287,647</u>	<u>296,768</u>
TOTAL EQUITY AND LIABILITIES	<u>391,005</u>	<u>337,356</u>
Net assets per share (RM)	0.012	0.012

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 September 2015)

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This is a quarterly report on consolidated results for the financial quarter ended 31 December 2015

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2015**

	CURRENT YEAR TO DATE ENDED 31.12.2015 RM'000	PRECEDING YEAR TO DATE ENDED 31.12.2014 RM'000
Profit/ (Loss) before taxation	1,658	(5,903)
Adjustments for :-		
Non-operating items	5,424	9,592
Interest expenses	2,525	2,514
Interest income	(84)	(12)
Operating profit before working capital changes	9,523	6,191
Net change in current assets	4,630	20,673
Net change in current liabilities	(6,088)	(3,586)
Tax (paid)/ refunded	(212)	(331)
Interest paid	(2,525)	(2,514)
Net cash generated from/ (used in) operating activities	5,328	20,433
Investing activities		
Purchase of property, plant and equipment	-	(20,002)
Proceeds from sales of investment, property, plant and equipment	77	290
Interest received	84	12
Net cash (used in)/generated from investing activities	161	(19,700)
Financing activities		
Repayment of bank borrowings	-	(13,902)
Proceeds from borrowings	-	15,000
Proceeds from rights issue	64,823	
Net cash (used in)/generated from financing activities	64,823	1,098
Net changes in cash and cash equivalents	70,312	1,831
Cash and cash equivalents at beginning of financial period	1,680	10,068
Effects of Exchange Rate Changes	(5,352)	(4,001)
Cash and cash equivalents at end of the financial period	66,640	7,898

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

Cash and bank balances	68,855	10,360
Bank overdraft	(2,215)	(2,462)
Cash and cash equivalents	66,640	7,898

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2015)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2015

	< ----- Attributable to Equity Holders of the Parent ----- >						> Distributable	Minority Interest	Total Equity
	< ----- Non-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	RM'000	RM'000
YEAR ENDED 30 SEP 2015									
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					(19,959)	(376,754)	(396,713)	-	(396,713)
At 30 September 2015	<u>579,276</u>	<u>71,670</u>	<u>(4,192)</u>	<u>2,357</u>	<u>(30,351)</u>	<u>(578,172)</u>	<u>40,588</u>	<u>-</u>	<u>40,588</u>
YEAR ENDED 30 SEP 2016									
At 1 October 2015	579,276	71,670	(4,192)	2,357	(30,351)	(578,172)	40,588	-	40,588
Capital reduction	(546,729)				(47,761)	586,331	(8,159)	-	(8,159)
Rights issue	56,720	8,103					64,823	-	64,823
Total comprehensive income for the period					4,063	2,043	6,106	-	6,106
At 31 December 2015	<u>89,267</u>	<u>79,773</u>	<u>(4,192)</u>	<u>2,357</u>	<u>(74,049)</u>	<u>10,202</u>	<u>103,358</u>	<u>-</u>	<u>103,358</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 2015)

NOTES TO THE INTERIM FINANCIAL REPORT – FRS 134

A1. Basis of preparation

The Interim Financial Report of the Group are unaudited and have 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 2015.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the financial statements for the year ended 30 September 2015.

A2. Auditors' report on preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 30 September 2015 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.

A8. Segmental Information

	Shipping & Related Activities RM'000	Elimination RM'000	Group RM'000
Revenue			
External sales	31,424	-	31,424
Inter-segment sales			
Total revenue	31,424	-	31,424
Results			
Interest income	85		85
Finance cost	(2,525)		(2,525)
Segment profit before taxation	1,658		1,658

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A9. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2015 RM '000	Preceding Year Quarter Ended 31.12.2014 RM '000	Current Year To Date 31.12.2015 RM '000	Preceding Year To Date 31.12.2014 RM '000
Interest income	85	12	85	12
Other income	125	70	125	70
Foreign exchange gains/(losses) (net)	890	(8)	890	(8)
Gain/(Loss) on disposal of property, plant and equipment and investments	-	214	-	214
Depreciation and amortisation	(2,546)	(9,806)	(2,546)	(9,806)
Container division exit provisions & expenses	(2,714)	-	(2,714)	-

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.

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>94,700</u>

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

Group revenue for the quarter ended 31 December 2015 was RM 31.42 million as compared to RM 63.88 million in the corresponding period of the previous year. The decrease was attributable to the exiting of the container division. When we exclude container division sales earned in the comparative quarter of 2015, Group revenue was RM 26.7 million.

The Group made a modest quarter profit of RM 2.04 million despite incurring an additional RM 2.7 million in container exit costs.

B2. Comparison with preceding quarter's results

The Group revenue in the current quarter was RM 31.42 million, which is an improvement from the preceding quarter of RM 23.3 million. The increase was mainly due to more shipments which were performed in the current quarter.

Other income has decreased from RM 11.9 million in the previous quarter to RM 1.9 million in the current quarter. This was mainly due to exchange gains of approximately RM 10 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 and is expected to be maintained in the coming quarter.

The Group continues to incur some expenses in container exit costs as it continues to work towards the exiting of the container shipping division. This is expected to continue at least to the end of this calendar year.

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 31 December 2015 RM'000	Year to date 31 December 2015 RM'000
Income tax charge		
- current period	(209)	(209)
Deferred taxation	594	594
	<u>385</u>	<u>385</u>

Domestic current income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Certain subsidiaries of the Group enjoy tax exemptions from the relevant authorities on their business income for current and future periods. The computation of deferred tax as at the current period has reflected the effects of such exemptions.

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

Hubline's Rights Issue which was announced on 29 May 2015 was successfully completed on 21 December 2015 with 100% subscription. A total of 6,482,268,188 Rights Shares and 1,620,567,045 Warrants B were subsequently issued and listed on the Main Market of Bursa Malaysia Securities Berhad on Tuesday 29 December 2016.

The Group is now working towards the Proposed Private Placement of up to 2,917,020,684 representing approximately 30% of the enlarged issued and paid up capital of the Company, which was approved at the Extraordinary General Meeting ("EGM") on 5 October 2015. As at 29 February 2016, the Group has issued 410,000,000 placement shares at the placement price of RM 0.01, together with 205,000,000 free Warrant B.

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	36,712
- unsecured	1,372
Total	<u>38,084</u>
Long term borrowings :	
- secured	137,909
- unsecured	1,125
Total	<u>139,034</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

A winding-up petition against Hub Shipping Sdn Bhd ("HSSB") was presented on 25 September 2015 to The High Court in Malaya at Shah Alam by the Textainer Equipment Management Limited ("Petitioner") and a copy was served at the registered office of HSSB on 2 October 2015.

The petition was fixed to be heard on 8 January 2016, but adjourned and was heard on 4 February 2016. On 4 February 2016, the Court fixed the said Petition for decision on 17 February 2016. The decision was heard on 17 February 2016 where the Court ordered that HSSB be wound up.

Separately, 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 Northport (Malaysia) Bhd ("Plaintiff") and a copy was served at the registered office of our Company on 21 October

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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 was fixed for 12 January 2016, but adjourned and was heard on 4 February 2016. On 4 February, 2016, the Court gave directions on the filing of pleadings and pre-trial case management directions.

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 31.12.2015	Quarter Ended 31.12.2014	Year to Date ended 31.12.2015	Year to Date ended 31.12.2014
Net profit attributable to equity holders of the parent (RM'000)	2,043	(5,861)	2,043	(5,861)
Weighted average no. of ordinary shares ('000)	4,016,188	3,241,134	4,016,188	3,241,134
Basic earnings per share attributable to equity holders of the parent (sen)	0.05	-0.18	0.05	-0.18

(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 31.12.2015 RM'000	Preceding Quarter 30.09.2015 RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	(762,251)	(1,373,343)
- Unrealised	(8,590)	11,145
	<u>(770,841)</u>	<u>(1,362,198)</u>
Adjust for: Consolidation adjustments	781,043	784,026
Retained profits as per financial statements	<u>10,202</u>	<u>(578,172)</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 29 February 2016.