

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 March 2016

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2016**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.03.2016 RM '000	Preceding Year Quarter Ended 31.03.2015 RM '000	Current Year To Date 31.03.2016 RM '000	Preceding Year To Date 31.03.2015 RM '000
Revenue	23,189	44,996	54,613	108,873
Operating Expenses	(19,630)	(38,472)	(42,797)	(98,808)
	<u>3,559</u>	<u>6,524</u>	<u>11,816</u>	<u>10,065</u>
Other Operating Income	6,242	2,064	7,246	2,591
Administrative Expenses	(2,765)	(7,709)	(5,159)	(15,168)
Other Expenses	(4,890)	(353,721)	(7,574)	(353,721)
Finance Cost	(1,493)	(3,741)	(4,018)	(6,254)
Profit/ (Loss) before taxation	<u>653</u>	<u>(356,583)</u>	<u>2,311</u>	<u>(362,487)</u>
Taxation	(98)	(12,748)	286	(12,706)
Profit/ (Loss) for the period	<u>555</u>	<u>(369,331)</u>	<u>2,597</u>	<u>(375,193)</u>
Other comprehensive income:				
Currency translation differences	(8,341)	1,375	(4,278)	(1,025)
Total Comprehensive income for the period	<u>(7,786)</u>	<u>(367,956)</u>	<u>(1,681)</u>	<u>(376,218)</u>
Profit/ (Loss) attributable to: Equity holders of the parent	<u>555</u>	<u>(369,331)</u>	<u>2,597</u>	<u>(375,193)</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>(7,786)</u>	<u>(367,956)</u>	<u>(1,681)</u>	<u>(376,218)</u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.01	-11.40	0.03	-11.58
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)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	AS AT END OF CURRENT QUARTER 31.03.2016	AS AT PRECEEDING FINANCIAL YEAR ENDED 30.09.2015
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	222,267	239,881
Intangible assets	15,207	15,207
Deferred tax assets	1,069	1,530
	<u>238,543</u>	<u>256,618</u>
Current Assets		
Inventories	5,005	5,265
Trade and Other receivables	60,912	70,356
Tax recoverable	843	733
Cash and cash equivalents	35,369	4,384
	<u>102,129</u>	<u>80,738</u>
TOTAL ASSETS	<u>340,672</u>	<u>337,356</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	97,867	579,276
Treasury shares	(4,192)	(4,192)
Reserves	9,701	(534,496)
Total equity	<u>103,376</u>	<u>40,588</u>
Non-current liabilities		
Long term borrowings	127,087	104,186
Deferred tax liabilities	11,312	12,447
	<u>138,399</u>	<u>116,633</u>
Current Liabilities		
Short term borrowings	32,239	74,878
Trade & Other payables	66,226	104,884
Taxation	432	373
	<u>98,897</u>	<u>180,135</u>
Total liabilities	<u>237,296</u>	<u>296,768</u>
TOTAL EQUITY AND LIABILITIES	<u>340,672</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)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 March 2016

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2016**

	CURRENT YEAR TO DATE ENDED 31.03.2016 RM'000	PRECEDING YEAR TO DATE ENDED 31.03.2015 RM'000
Profit/ (Loss) before taxation	2,311	(362,487)
Adjustments for :-		
Non-operating items	13,100	311,831
Interest expenses	4,018	6,254
Interest income	(326)	(21)
Operating profit before working capital changes	19,103	(44,423)
Net change in current assets	9,485	43,691
Net change in current liabilities	(38,439)	27,058
Tax (paid)/ refunded	(476)	(656)
Interest paid	(4,018)	(6,254)
Net cash generated from/ (used in) operating activities	(14,345)	19,416
Investing activities		
Purchase of property, plant and equipment	(3,025)	(27,715)
Proceeds from sales of investment, property, plant and equipment	105	1,878
Interest received	326	21
Net cash (used in)/generated from investing activities	(2,594)	(25,816)
Financing activities		
Repayment of bank borrowings	(18,418)	(13,902)
Proceeds from borrowings	-	15,000
Proceeds from rights issue & private placement	73,423	-
Expenses relating to capital raising	(795)	-
Net cash (used in)/generated from financing activities	54,210	1,098
Net changes in cash and cash equivalents	37,271	(5,302)
Cash and cash equivalents at beginning of financial period	1,680	10,068
Effects of Exchange Rate Changes	(5,002)	4,967
Cash and cash equivalents at end of the financial period	33,949	9,733

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

Cash and bank balances	35,369	12,297
Bank overdraft	(1,420)	(2,564)
Cash and cash equivalents	33,949	9,733

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

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 March 2016

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2016

	< ----- 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					(1,025)	(375,193)	(376,218)	-	(376,218)
At 31 March 2015	579,276	71,670	(4,192)	2,357	(11,417)	(576,611)	61,083	-	61,083
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	65,320	8,103					73,423	-	73,423
Capital raising expenses				(795)			(795)	-	(795)
Total comprehensive income for the period					(4,278)	2,597	(1,681)	-	(1,681)
At 31 March 2016	97,867	79,773	(4,192)	1,562	(82,390)	10,756	103,376	-	103,376

(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	54,613	-	54,613
Inter-segment sales			
Total revenue	54,613	-	54,613
Results			
Interest income	326		326
Finance cost	(4,018)		(4,018)
Segment profit before taxation	2,311		2,311

HUBLINE BERHAD
(Company No:23568-H)

A9. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.03.2016 RM '000	Preceding Year Quarter Ended 31.03.2015 RM '000	Current Year To Date 31.03.2016 RM '000	Preceding Year To Date 31.03.2015 RM '000
Interest income	241	9	326	21
Other income	-	1,450	11	1,520
Foreign exchange gains/(losses) (net)	6,002	3	6,892	(5)
Gain/(Loss) on disposal of property, plant and equipment and investments	-	-	-	214
Depreciation and amortisation	(2,680)	(3,939)	(5,256)	(13,745)
Container division exit provisions & expenses	(4,890)	(353,721)	(7,574)	(353,721)

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 24 March 2016, a wholly owned subsidiary of the Company, Everline Shipping Co. Ltd incorporated a subsidiary under the Labuan jurisdiction, Everline Demigod Limited, with a paid up capital of USD1. Furthermore, on 31 March 2016, the Company resolved to voluntarily wind up 12 non operating subsidiaries, namely:

1. Chatlink Sdn Bhd
2. EM Container Line Sdn Bhd
3. EM Line Sdn Bhd
4. Hub Explorer Sdn Bhd
5. Hub Fleet Sdn Bhd
6. Hub Warrior Sdn Bhd
7. Premier Spectrum Sdn Bhd
8. Highline Bulk Sdn Bhd
9. Highline Delta Sdn Bhd
10. Highline Fortune Sdn Bhd
11. Highline Vision Sdn Bhd
12. Manyplus Maritime Sdn Bhd

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	81,864

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

Group revenue for the quarter ended 31 March 2016 was RM 23.2 million as compared to RM 45.0 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 26.4 million, which is higher than the current quarter due to scheduled docking of vessels during the current quarter.

The Group made a modest quarter profit of RM 0.65 million compared to a loss of RM 356.6 million in the same quarter of the previous year. The results of the same quarter in the previous year were affected by impairment losses due to the exiting from the container division. An additional RM 4.9 million in container exit costs was incurred during the current quarter.

B2. Comparison with preceding quarter's results

The Group revenue in the current quarter was RM 23.2 million. This revenue has decreased as compared to the preceding quarter where RM 31.4 million was generated. The decrease was mainly due to scheduled docking of vessels.

B3. Commentary on Prospects

The Group's dry bulk shipping division remains steady. This division has met our expectations for the current quarter which 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 March 2016 RM'000	Year to date 31 March 2016 RM'000
Income tax charge		
- current period	(178)	(388)
Deferred taxation	80	674
	<u>(98)</u>	<u>286</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

On 29 May 2015, the Company announced, among other things, a proposal to undertake a Private Placement. This exercise was approved at the Extraordinary General Meeting (“EGM”) on 5 October 2015. As at the date of this announcement, the Company has issued 1,460,000,000 placement shares at the placement price of RM 0.01, together with 730,000,000 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	31,263
- unsecured	976
Total	<u>32,239</u>
Long term borrowings :	
- secured	126,087
- unsecured	1,000
Total	<u>127,087</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

By way of an update on the case between EM Shipping Sdn Bhd (“EMS”) a wholly owned subsidiary of the Company and Northport (Malaysia) Bhd (“Northport”), the trial dates have been set for 31 May 2016, 1 June 2016 and 30 June 2016.

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 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 31.03.2016	Quarter Ended 31.03.2015	Year to Date ended 31.03.2016	Year to Date ended 31.03.2015
Net profit / (loss) attributable to equity holders of the parent (RM'000)	555	(369,331)	2,597	(375,193)
Weighted average no. of ordinary shares ('000)	10,062,853	3,241,134	8,798,808	3,241,134
Basic earnings per share attributable to equity holders of the parent (sen)	0.01	-11.40	0.03	-11.58

(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 31.03.2016 RM'000	Preceding Quarter 31.12.2015 RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	(371,491)	(762,251)
- Unrealised	(3,334)	(8,590)
	<u>(374,825)</u>	<u>(770,841)</u>
Adjust for: Consolidation adjustments	385,581	781,043
Retained profits as per financial statements	<u>10,756</u>	<u>10,202</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 26 May 2016.