

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2016

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2016**

|  | INDIVIDUAL QUARTER                                     |  | CUMULATIVE                                       |  |
|--|--|--|--|--|
|  | Current Year<br>Quarter Ended<br>30.06.2016<br>RM '000 | Preceding Year<br>Quarter Ended<br>30.06.2015<br>RM '000 | Current Year<br>To Date<br>30.06.2016<br>RM '000 | Preceding Year<br>To Date<br>30.06.2015<br>RM '000 |
| <b>Revenue</b>   | 20,333   | 25,869   | 74,945   | 134,743  |
| Operating Expenses   | (18,155)   | (21,026)   | (60,921)   | (119,833)  |
|  | <u>2,178</u>   | <u>4,843</u>   | <u>14,024</u>                                    | <u>14,910</u>                                      |
| Other Operating Income   | 666  | 295  | 5,732  | 2,128  |
| Administrative Expenses  | (1,600)  | (5,263)  | (6,741)  | (20,145)   |
| Other Expenses   | (29,206)   | (7,470)  | (34,648)   | (360,720)  |
| Finance Cost   | (2,406)  | (2,947)  | (6,424)  | (9,202)  |
| <b>Profit/ (Loss) before taxation</b>  | <u>(30,368)</u>  | <u>(10,542)</u>  | <u>(28,057)</u>                                  | <u>(373,029)</u>                                   |
| Taxation   | (366)  | 282  | (80)   | (12,424)   |
| <b>Profit/ (Loss) for the period</b>   | <u>(30,734)</u>  | <u>(10,260)</u>  | <u>(28,137)</u>                                  | <u>(385,453)</u>                                   |
| Other comprehensive income:  |  |  |  |  |
| Currency translation differences   | 18,914   | 581  | 14,636   | (444)  |
| <b>Total Comprehensive income for the period</b>                               | <u>(11,820)</u>  | <u>(9,679)</u>   | <u>(13,501)</u>                                  | <u>(385,897)</u>                                   |
| Profit/ (Loss) attributable to:<br>Equity holders of the parent                | <u>(30,734)</u>  | <u>(10,260)</u>  | <u>(28,137)</u>                                  | <u>(385,453)</u>                                   |
| Total comprehensive income<br>attributable to:<br>Equity holders of the parent | <u>(11,820)</u>  | <u>(9,679)</u>   | <u>(13,501)</u>                                  | <u>(385,897)</u>                                   |
| <b>Earnings per share attributable to equity holders of the parent (sen)</b>   |  |  |  |  |
| <b>Basic</b>   | -0.28  | -0.32  | -0.31  | -11.89   |
| <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 2015)

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

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2016

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016**

|  | <b>AS AT<br/>END OF<br/>CURRENT<br/>QUARTER<br/>30.06.2016</b> | <b>AS AT<br/>PRECEEDING<br/>FINANCIAL<br/>YEAR ENDED<br/>30.09.2015</b> |
|--|--|---|
|  | <b>RM'000</b>  | <b>RM'000</b>   |
| <b>ASSETS</b>  |  |   |
| <b>Non Current Assets</b>                                  |  |   |
| Property, Plant and Equipment                              | 222,037  | 239,881   |
| Intangible assets  | 15,207   | 15,207  |
| Deferred tax assets  | 1,424  | 1,530   |
|  | <u>238,668</u>   | <u>256,618</u>  |
| <b>Current Assets</b>                                      |  |   |
| Inventories  | 5,397  | 5,265   |
| Trade and Other receivables                                | 57,666   | 70,356  |
| Tax recoverable  | 846  | 733   |
| Cash and cash equivalents                                  | 28,848   | 4,384   |
|  | <u>92,757</u>  | <u>80,738</u>   |
| <b>TOTAL ASSETS</b>  | <u>331,425</u>   | <u>337,356</u>  |
| <b>EQUITY AND LIABILITIES</b>                              |  |   |
| <b>Equity attributable to equity holders of the parent</b> |  |   |
| Share capital  | 117,970  | 579,276   |
| Treasury shares  | (4,192)  | (4,192)   |
| Reserves   | (2,273)  | (534,496)   |
| <b>Total equity</b>  | <u>111,505</u>   | <u>40,588</u>   |
| <b>Non-current liabilities</b>                             |  |   |
| Long term borrowings                                       | 122,974  | 104,186   |
| Other payables   | 5,505  | -   |
| Deferred tax liabilities                                   | 11,749   | 12,447  |
|  | <u>140,228</u>   | <u>116,633</u>  |
| <b>Current Liabilities</b>                                 |  |   |
| Short term borrowings                                      | 36,604   | 74,878  |
| Trade & Other payables                                     | 42,977   | 104,884   |
| Taxation   | 111  | 373   |
|  | <u>79,692</u>  | <u>180,135</u>  |
| <b>Total liabilities</b>                                   | <u>219,920</u>   | <u>296,768</u>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <u>331,425</u>   | <u>337,356</u>  |
| Net assets per share (RM)                                  | 0.012  | 0.012   |

(The Condensed Consolidated Balance Sheet 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 30 June 2016

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 JUNE 2016**

|  | <b>CURRENT<br/>YEAR<br/>TO DATE<br/>ENDED<br/>30.06.2016<br/>RM'000</b> | <b>PRECEDING<br/>YEAR TO<br/>DATE<br/>ENDED<br/>30.06.2015<br/>RM'000</b> |
|--|---|---|
| Profit/ (Loss) before taxation                                   | (28,057)  | (373,029)   |
| Adjustments for :-   |   |   |
| Non-operating items  | 36,705  | 317,623   |
| Interest expenses  | 6,424   | 9,202   |
| Interest income  | (474)   | (26)  |
| Operating profit before working capital changes                  | 14,598  | (45,654)  |
| Net change in current assets                                     | 12,658  | 52,902  |
| Net change in current liabilities                                | (56,448)  | 28,504  |
| Tax (paid)/ refunded   | (1,148)   | (610)   |
| Interest paid  | (6,424)   | (9,202)   |
| <b>Net cash generated from/ (used in) operating activities</b>   | <b>(36,764)</b>   | <b>25,364</b>   |
| Investing activities   |   |   |
| Purchase of property, plant and equipment                        | (7,758)   | (42,718)  |
| Proceeds from sales of investment, property, plant and equipment | 105   | 29,423  |
| Interest received  | 474   | 26  |
| <b>Net cash (used in)/generated from investing activities</b>    | <b>(7,179)</b>  | <b>(13,269)</b>   |
| Financing activities   |   |   |
| Repayment of bank borrowings                                     | (17,114)  | (37,192)  |
| Proceeds from borrowings   | -   | 15,000  |
| Proceeds from rights issue & private placement                   | 85,423  | -   |
| Expenses relating to capital raising                             | (1,005)   | -   |
| <b>Net cash (used in)/generated from financing activities</b>    | <b>67,304</b>   | <b>(22,192)</b>   |
| Net changes in cash and cash equivalents                         | 23,361  | (10,097)  |
| Cash and cash equivalents at beginning of financial period       | 1,680   | 10,068  |
| Effects of Exchange Rate Changes                                 | 3,429   | 1,579   |
| <b>Cash and cash equivalents at end of the financial period</b>  | <b>28,470</b>   | <b>1,550</b>  |

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

|                                  |               |              |
|----------------------------------|---------------|--------------|
| Cash and bank balances           | 28,848        | 4,133        |
| Bank overdraft                   | (378)         | (2,583)      |
| <b>Cash and cash equivalents</b> | <b>28,470</b> | <b>1,550</b> |

**(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 30 June 2016

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2016**

|   | < ----- Attributable to Equity Holders of the Parent ----- > |                              |                              |                            |                             |                              | >                      |
|---|--|------------------------------|------------------------------|----------------------------|-----------------------------|------------------------------|------------------------|
|   | < ----- Non-distributable ----- >                            |                              |                              |                            | > Distributable             |                              |                        |
|   | Share<br>capital<br>RM'000                                   | Warrant<br>reserve<br>RM'000 | Treasury<br>shares<br>RM'000 | Share<br>premium<br>RM'000 | Other<br>reserves<br>RM'000 | Retained<br>Profit<br>RM'000 | Total Equity<br>RM'000 |
| <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                |
| Total comprehensive income for the period |  |                              |                              |                            | (444)                       | (385,453)                    | (385,897)              |
| <b>At 30 June 2015</b>                    | <u>579,276</u>   | <u>71,670</u>                | <u>(4,192)</u>               | <u>2,357</u>               | <u>(10,836)</u>             | <u>(586,871)</u>             | <u>51,404</u>          |
| <b>YEAR ENDED 30 SEP 2016</b>             |  |                              |                              |                            |                             |                              |                        |
| <b>At 1 October 2015</b>                  | 579,276  | 71,670                       | (4,192)                      | 2,357                      | (30,351)                    | (578,172)                    | 40,588                 |
| Capital reduction                         | (546,729)  |                              |                              |                            | (47,761)                    | 586,331                      | (8,159)                |
| Rights issue & Private Placement          | 85,423   | 13,252                       |                              |                            | (5,093)                     |                              | 93,582                 |
| Capital raising expenses                  |  |                              |                              | (1,005)                    |                             |                              | (1,005)                |
| Total comprehensive income for the period |  |                              |                              |                            | 14,636                      | (28,137)                     | (13,501)               |
| <b>At 30 June 2016</b>                    | <u>117,970</u>   | <u>84,922</u>                | <u>(4,192)</u>               | <u>1,352</u>               | <u>(68,569)</u>             | <u>(19,978)</u>              | <u>111,505</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 &<br>Related Activities<br>RM'000 | Elimination<br>RM'000 | Group<br>RM'000 |
|------------------------------|--|-----------------------|-----------------|
| <b>Revenue</b>               |  |                       |                 |
| External sales               | 74,945                                     | -                     | 74,945          |
| Inter-segment sales          |  |                       |                 |
| Total revenue                | 74,945                                     | -                     | 74,945          |
| <b>Results</b>               |  |                       |                 |
| Interest income              | 474  |                       | 474             |
| Finance cost                 | (6,424)                                    |                       | (6,424)         |
| Segment loss before taxation | (28,057)                                   |                       | (28,057)        |

**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<br>Quarter Ended<br>30.06.2016<br>RM '000 | Preceding Year<br>Quarter Ended<br>30.06.2015<br>RM '000 | Current Year<br>To Date<br>30.06.2016<br>RM '000 | Preceding Year<br>To Date<br>30.06.2015<br>RM '000 |
| Interest income   | 148  | 5  | 474  | 26   |
| Other income  | 447  | 295  | 458  | 2,128  |
| Foreign exchange gains/(losses) (net)   | (2,182)  | (1,268)  | 4,800  | (1,273)  |
| Gain/(Loss) on disposal of property,<br>plant and equipment and investments         | -  | -  | -  | 82   |
| Depreciation and amortisation   | (1,574)  | (5,982)  | (6,830)  | (22,366)   |
| Container division exit provisions &<br>expenses                                    | (8,133)  | (7,470)  | (15,737)   | (360,720)  |
| Foreign exchange translation<br>differences transferred from<br>Translation Reserve | (17,531)   | -  | (17,531)   | -  |

**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 30 May 2016, the Company sold its wholly owned subsidiary, EM Shipping Sdn Bhd. Additionally, on 27 June 2016, the Company sold Wonderlink Sdn Bhd. Wonderlink Sdn Bhd also owns 100% of shares in Hub Marine Pte Ltd. The sale of Wonderlink Sdn Bhd resulted in both Wonderlink Sdn Bhd and Hub Marine Pte Ltd to cease being wholly owned subsidiaries of the Company.

Furthermore, on 27 June 2016, the Company announced the deregistration of Grand Dragon Overseas Limited, and subsequently on 8 July 2016, the Company resolved to voluntarily wind up Hubline Logistics Sdn Bhd. Both Grand Dragon Overseas Limited and Hubline Logistics Sdn Bhd were non-operating subsidiaries of the Company.

**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<br>for credit facilities provided to subsidiaries | 19,835 |

**A14. Capital Commitment**

|                                   | RM                  |
|-----------------------------------|---------------------|
| Amount approved and committed     | 6.03 million        |
| Amount approved and not committed | <u>NIL</u>          |
| Total                             | <u>6.03 million</u> |

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

**B1. Review of performance**

Group revenue for the quarter ended 30 June 2016 was RM 20.33 million as compared to RM 25.87 million in the corresponding period of the previous year. The decrease was attributable to more competitive freight rates as well as four vessels undergoing scheduled dry-docking in the current quarter under review.

The Group made a current quarter loss of RM 30.7 million compared to a loss of RM 10.5 million in the same quarter of the previous year. The losses were mainly due to unrealised foreign exchange losses of RM 2.2 million, the transfer of foreign exchange losses of RM 17.53 million from foreign exchange translation reserve in the Balance Sheet to the Statement of Income and Expenses as a result of deregistration or winding up of foreign subsidiaries, losses on deconsolidation of subsidiaries of RM 3.5 million and additional RM 4.7 million in container exit expenses.

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

The Group revenue in the current quarter was RM 20.33 million. This revenue has decreased as compared to the preceding quarter where RM 23.19 million was generated. The decrease was mainly due to more vessels undergoing scheduled docking as compared to 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 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. The Group is expected to completely exit the container shipping division by 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<br>30 June 2016<br>RM'000 | Year to date<br>30 June 2016<br>RM'000 |
|-------------------|---|--|
| Income tax charge |   |  |
| - current period  | (286)                                   | (673)                                  |
| Deferred taxation | (80)                                    | 593                                    |
|                   | <u>(366)</u>                            | <u>(80)</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 completed the Private Placement exercise.

On 18 July 2016, the Company announced a proposed capital restructuring exercise which comprises:

- The proposed reduction of issued and paid up share capital of the Company, involving the cancellation of RM 0.005 of the par value of each existing ordinary RM0.01 share;
- The proposed share consolidation of each ordinary share upon the completion of the proposed par value reduction on the basis of 20 ordinary shares of RM 0.005 each into one ordinary share of RM0.10 each;
- The proposed amendments to the terms of the deed polls of Warrants A and Warrants B as a result of the proposed par value reduction and proposed share consolidation;
- The proposed issuance of redeemable convertible notes with an aggregate principal amount of up to RM 200.0 million.

As at the date of this announcement, the Company, has submitted the Circular to Bursa Malaysia 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              | 35,726         |
| - unsecured            | 878            |
| Total                  | <u>36,604</u>  |
| Long term borrowings : |                |
| - secured              | 122,099        |
| - unsecured            | 875            |
| Total                  | <u>122,974</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.

**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<br>30.06.2016 | Quarter Ended<br>30.06.2015 | Year to Date ended<br>30.06.2016 | Year to Date ended<br>30.06.2015 |
| Net profit / (loss) attributable to equity holders of the parent (RM'000)   | (30,734)                    | (10,260)                    | (28,137)                         | (385,453)                        |
| Weighted average no. of ordinary shares ('000)                              | 10,918,018                  | 3,241,134                   | 9,204,330                        | 3,241,134                        |
| Basic earnings per share attributable to equity holders of the parent (sen) | -0.28                       | -0.32                       | -0.31                            | -11.89                           |

**(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<br>Quarter<br>30.06.2016<br>RM'000 | Preceding<br>Quarter<br>31.03.2016<br>RM'000 |
|---|--|--|
| Total retained profits/(losses) of the Company and its subsidiaries |  |  |
| - Realised  | (335,724)                                  | (371,491)                                    |
| - Unrealised  | (4,096)                                    | (3,334)                                      |
|   | <u>(339,820)</u>                           | <u>(374,825)</u>                             |
| Adjust for: Consolidation adjustments                               | 319,842                                    | 385,581                                      |
| Retained profits as per financial statements                        | <u>(19,978)</u>                            | <u>10,756</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 30 August 2016.