

QUARTERLY REPORT

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

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2016 RM '000	Preceding Year Quarter Ended 31.12.2015 RM '000	Current Year To Date 31.12.2016 RM '000	Preceding Year To Date 31.12.2015 RM '000
Revenue	24,396	31,424	24,396	31,424
Operating Expenses	(21,864)	(23,136)	(21,864)	(23,136)
	<u>2,532</u>	<u>8,288</u>	<u>2,532</u>	<u>8,288</u>
Other Operating Income	2,301	1,858	2,301	1,858
Administrative Expenses	(2,401)	(3,249)	(2,401)	(3,249)
Other Expenses	(8,370)	(2,714)	(8,370)	(2,714)
Finance Cost	(2,024)	(2,525)	(2,024)	(2,525)
Profit/ (Loss) before taxation	<u>(7,962)</u>	<u>1,658</u>	<u>(7,962)</u>	<u>1,658</u>
Taxation	26	385	26	385
Profit/ (Loss) for the period	<u>(7,936)</u>	<u>2,043</u>	<u>(7,936)</u>	<u>2,043</u>
Other comprehensive income:				
Currency translation differences	2,184	4,063	2,184	4,063
Total Comprehensive income for the period	<u>(5,752)</u>	<u>6,106</u>	<u>(5,752)</u>	<u>6,106</u>
Profit/ (Loss) attributable to: Equity holders of the parent	<u>(7,936)</u>	<u>2,043</u>	<u>(7,936)</u>	<u>2,043</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>(5,752)</u>	<u>6,106</u>	<u>(5,752)</u>	<u>6,106</u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic	-0.06	0.05	-0.06	0.05
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 2016)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	AS AT END OF CURRENT QUARTER 31.12.2016	AS AT PRECEEDING FINANCIAL YEAR ENDED 30.09.2016
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	159,930	158,531
Intangible assets	15,207	15,207
Trade and Other receivables	35,143	41,476
Deferred tax assets	1,566	1,604
	<u>211,846</u>	<u>216,818</u>
Current Assets		
Inventories	5,247	5,060
Assets held for sale	7,458	8,218
Trade and Other receivables	17,856	16,424
Tax recoverable	795	920
Cash and cash equivalents	7,725	16,123
	<u>39,081</u>	<u>46,745</u>
TOTAL ASSETS	<u>250,927</u>	<u>263,563</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	126,540	126,540
Treasury shares	(4,192)	(4,192)
Reserves	(71,059)	(65,234)
Total equity	<u>51,289</u>	<u>57,114</u>
Non-current liabilities		
Long term borrowings	112,029	86,642
Trade & Other payables	4,269	5,191
Deferred tax liabilities	10,830	11,203
	<u>127,128</u>	<u>103,036</u>
Current Liabilities		
Short term borrowings	38,176	63,342
Trade & Other payables	34,158	39,989
Taxation	176	82
	<u>72,510</u>	<u>103,413</u>
Total liabilities	<u>199,638</u>	<u>206,449</u>
TOTAL EQUITY AND LIABILITIES	<u>250,927</u>	<u>263,563</u>
Net assets per share (RM)	0.004	0.005

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30 September 2016)

QUARTERLY REPORT

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

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

	CURRENT YEAR TO DATE ENDED 31.12.2016 RM'000	PRECEDING YEAR TO DATE ENDED 31.12.2015 RM'000
Profit/ (Loss) before taxation	(7,962)	1,658
Adjustments for :-		
Non-operating items	8,200	5,424
Interest expenses	2,024	2,525
Interest income	(30)	(84)
Operating profit before working capital changes	2,232	9,523
Net change in current assets	5,448	4,630
Net change in current liabilities	(6,751)	(6,088)
Tax (paid)/ refunded	(65)	(212)
Interest paid	(2,024)	(2,525)
Net cash generated from/ (used in) operating activities	(1,160)	5,328
Investing activities		
Purchase of property, plant and equipment	(3,801)	-
Proceeds from sales of investment, property, plant and equipment	85	77
Interest received	30	84
Net cash (used in)/generated from investing activities	(3,686)	161
Financing activities		
Repayment of bank borrowings	(4,542)	-
Proceeds from capital raising exercises	-	64,823
Expenses relating to capital raising	(73)	-
Net cash (used in)/generated from financing activities	(4,615)	64,823
Net changes in cash and cash equivalents	(9,461)	70,312
Cash and cash equivalents at beginning of financial period	16,123	1,680
Effects of Exchange Rate Changes	1,063	(5,352)
Cash and cash equivalents at end of the financial period	7,725	66,640

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2016)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

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

	< ----- Attributable to Equity Holders of the Parent ----- >							> Distributable
	< ----- Non-distributable ----- >							
	Share capital RM'000	Warrant reserve RM'000	Treasury shares RM'000	Share premium RM'000	Translation reserves RM'000	Capital reserves RM'000	Retained Profit RM'000	Total Equity RM'000
YEAR ENDED 30 SEP 2016								
At 1 October 2015	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	56,720	8,103						64,823
Total comprehensive income for the period					4,063		2,043	6,106
At 31 December 2015	89,267	79,773	(4,192)	2,357	(74,049)	-	10,202	103,358
YEAR ENDED 30 SEP 2017								
At 1 October 2016	126,540	90,693	(4,192)	529	(14,920)	(58,625)	(82,911)	57,114
Capital raising expenses				(73)				(73)
Total comprehensive income for the period					2,184		(7,936)	(5,752)
At 31 December 2016	126,540	90,693	(4,192)	456	(12,736)	(58,625)	(90,847)	51,289

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2016)

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 2016.

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 2016.

A2. Auditors' report on preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 30 September 2016 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	24,396	-	24,396
Inter-segment sales			
Total revenue	24,396	-	24,396
Results			
Interest income	30		30
Finance cost	(2,024)		(2,024)
Segment loss before taxation	(7,962)		(7,962)

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 31.12.2016 RM '000	Preceding Year Quarter Ended 31.12.2015 RM '000	Current Year To Date 31.12.2016 RM '000	Preceding Year To Date 31.12.2015 RM '000
Interest income	30	85	30	85
Other income	35	125	35	125
Foreign exchange gains/(losses) (net)	1,915	890	1,915	890
Depreciation and amortisation	(2,643)	(2,546)	(2,643)	(2,546)
Container division exit provisions & expenses	(8,370)	(2,714)	(8,370)	(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>19,126</u>

A14. Capital Commitment

	RM
Amount approved and committed	12.06 million
Amount approved and not committed	<u>NIL</u>
Total	<u>12.06 million</u>

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

Group revenue for the quarter ended 31 December 2016 was RM 24.4 million as compared to RM 31.4 million in the corresponding period of the previous year. The decrease in revenue for the quarter was mainly attributed to downtime as a result of vessel docking and repairs and reduction in freight rates.

The Group made a current quarter loss of RM 7.9 million compared to a profit of RM 2.0 million in the same quarter last year. The losses were mainly due to unrealised foreign exchange losses of RM 4.8 million as well as a further RM 3.6 million in final exit costs from the container shipping division. Excluding these, the Group would have made a modest current quarter profit of RM 0.4 million.

B2. Comparison with preceding quarter's results

The Group revenue in the current quarter was RM 24.4 million which is RM 1.4 million improvement from the previous quarter of RM 23.0 million.

B3. Commentary on Prospects

Current economic market conditions are subdued but dry bulk shipping appears to have bottomed out. The Group expects the dry bulk shipping division's performance to remain steady as market recovery is expected to be slow.

The Group has completed its exit from the container shipping division as at 31 December 2016 except for some container assets which it still holds, but these have been written down to market value. Barring unforeseen circumstances, we do not foresee any extra ordinary losses from the sale of these assets.

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 2016 RM'000	Year to date 31 December 2016 RM'000
Income tax charge		
- current period	(284)	(284)
Deferred taxation	310	310
	<u>26</u>	<u>26</u>

Domestic current income tax is calculated at the statutory tax rate of 24% (2016: 24%) 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 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.

On 18 November 2016, the Company entered into a Supplemental Agreement with the Subscriber on the following:

- To revise the aggregate principal amount of the Notes from RM 200.0 million to RM 80.0 million; and
- The minimum conversion price in relation to the conversion shares to be set at RM 0.05 upon the implementation of the Companies Act 2016.

On 14 December 2016, the Company received the letter of approval from Bursa Malaysia for this capital raising exercise. The Extraordinary General Meeting was subsequently held on 10 January 2017 where shareholders passed the resolution to reduce the par value of the Company to RM 0.005, to consolidate the ordinary shares of the Company 20:1 and allow the issuance of redeemable convertible notes with an aggregate principal of up to RM 80.0 million.

On 25 January 2017, the Company was granted the Court Order which reduced its par value to RM 0.005 per share. The share consolidation of 20:1 shares was allocated on 15 February 2017 consolidating every 20 ordinary shares of RM 0.005 each in the Company to one share of RM 0.10 each.

On 8 February 2017, the Company entered into a second Supplemental Agreement with the Subscriber to vary and amend certain terms in the Subscription Agreement pursuant to the implementation of the Companies Act 2016. On even date, the Company executed the Supplemental Deed Poll for Warrants A and Warrants B pursuant to the Deed Poll amendments.

All conditions precedent to the Subscription Agreement were completed by 17 February 2017 and the drawdown for sub-tranches 1 to 10 of Tranche 1 amounting to RM 2.5 million was received on 24 February 2017.

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	37,676
- unsecured	500
Total	<u>38,176</u>
Long term borrowings :	
- secured	111,404
- unsecured	625
Total	<u>112,029</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 31.12.2016	Quarter Ended 31.12.2015	Year to Date ended 31.12.2016	Year to Date ended 31.12.2015
Net profit / (loss) attributable to equity holders of the parent (RM'000)	(7,936)	2,043	(7,936)	2,043
Weighted average no. of ordinary shares ('000)	12,640,423	4,016,188	12,640,423	4,016,188
Basic earnings per share attributable to equity holders of the parent (sen)	-0.06	0.05	-0.06	0.05

(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 31.12.2016 RM'000	Preceding Quarter 30.09.2016 RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	(350,094)	(343,779)
- Unrealised	(11,891)	(7,243)
	<u>(361,985)</u>	<u>(351,022)</u>
Adjust for: Consolidation adjustments	271,138	275,660
Retained profits as per financial statements	<u>(90,847)</u>	<u>(75,362)</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 February 2017.