

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2013

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2013**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.13 RM '000	Preceding Year Quarter Ended 30.06.12 RM '000	Current Year To Date 30.06.13 RM '000	Preceding Year To Date 30.06.12 RM '000
Revenue	89,542	122,404	288,622	359,202
Operating Expenses	(86,700)	(106,388)	(266,828)	(311,761)
	<u>2,842</u>	<u>16,016</u>	<u>21,794</u>	<u>47,441</u>
Other Operating Income	82	802	2,385	3,962
Administrative Expenses	(8,540)	(8,815)	(24,556)	(24,491)
Other Expenses	(154,158)	-	(180,446)	-
Finance Cost	(3,005)	(4,962)	(11,873)	(18,121)
Profit/ (Loss) before taxation	<u>(162,779)</u>	<u>3,041</u>	<u>(192,696)</u>	<u>8,791</u>
Taxation	(396)	(70)	(251)	(623)
Profit/ (Loss) for the period	<u>(163,175)</u>	<u>2,971</u>	<u>(192,947)</u>	<u>8,098</u>
Other comprehensive income:				
Currency translation differences	20,059	1,360	23,306	2,400
Net (Loss)/Gain on available for sale financial assets	-	3,749	(4,145)	4,323
Total Comprehensive income for the period	<u>(143,116)</u>	<u>8,080</u>	<u>(173,786)</u>	<u>14,821</u>
Profit/ (Loss) attributable to: Equity holders of the parent	<u>(163,175)</u>	<u>2,971</u>	<u>(192,947)</u>	<u>8,098</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>(143,116)</u>	<u>8,080</u>	<u>(173,786)</u>	<u>14,821</u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic	-5.03	0.14	-6.07	0.40
Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	UNAUDITED AS AT 30.06.2013	UNAUDITED AS AT 30.09.2012	UNAUDITED AS AT 1.10.2011
	RM'000	RM'000	RM'000
ASSETS			
Non Current Assets			
Property, Plant and Equipment	507,844	578,501	583,154
Prepaid Land Lease Payments	10,518	10,600	10,709
Intangible assets	86,123	86,585	87,243
Available for Sale Investments	-	9,224	4,003
Investments in Associates	-	1	1
Deferred tax assets	19,029	19,223	19,871
	<u>623,514</u>	<u>704,134</u>	<u>704,981</u>
Current Assets			
Inventories	10,135	26,248	31,420
Trade receivables	126,986	139,917	131,322
Other receivables	4,726	77,797	63,181
Tax recoverable	1,988	3,454	7,719
Cash and cash equivalents	13,500	31,315	124,418
	<u>157,335</u>	<u>278,731</u>	<u>358,060</u>
TOTAL ASSETS	<u>780,849</u>	<u>982,865</u>	<u>1,063,041</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	579,276	376,165	334,747
Treasury shares	(4,192)	(4,192)	(4,192)
Reserves	(121,986)	180,131	153,896
Total equity	<u>453,098</u>	<u>552,104</u>	<u>484,451</u>
Non-current liabilities			
Long term borrowings	163,830	142,680	296,018
Deferred tax liabilities	12,164	12,790	12,329
	<u>175,994</u>	<u>155,470</u>	<u>308,347</u>
Current Liabilities			
Short term borrowings	94,224	230,687	221,687
Trade payables	27,826	23,599	23,549
Other payables	29,613	20,973	24,654
Taxation	94	32	353
	<u>151,757</u>	<u>275,291</u>	<u>270,243</u>
Total liabilities	<u>327,751</u>	<u>430,761</u>	<u>578,590</u>
TOTAL EQUITY AND LIABILITIES	<u>780,849</u>	<u>982,865</u>	<u>1,063,041</u>
Net assets per share (RM)	0.14	0.27	0.26

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2013

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2013**

	CURRENT YEAR TO DATE ENDED 30.06.2013 RM'000	PRECEDING YEAR TO DATE ENDED 30.06.2012 RM'000
Profit/ (Loss) before taxation	(192,696)	8,791
Adjustments for :-		
Non-operating items	214,351	35,149
Interest expenses	11,873	18,121
Interest income	(334)	(805)
Operating profit before working capital changes	33,194	61,256
Net change in current assets	(1,429)	(23,442)
Net change in current liabilities	12,867	(16,742)
Tax (paid)/ refunded	45	3,158
Interest paid	(11,873)	(18,121)
Net cash generated from/ (used in) operating activities	32,804	6,109
Investing activities		
Purchase of property, plant and equipment	(32,560)	(46,186)
Proceeds from sales of investment, property, plant and equipment	20,940	19,184
Interest received	334	805
Net cash (used in)/generated from investing activities	(11,286)	(26,197)
Financing activities		
Proceeds from Rights Issue/ Private Placement	75,627	61,046
Corporate exercise expenses	(846)	(132)
Repayment of bank borrowings	(136,246)	(144,673)
Proceeds from borrowings	22,275	11,515
Net cash (used in)/generated from financing activities	(39,190)	(72,244)
Net changes in cash and cash equivalents	(17,672)	(92,332)
Cash and cash equivalents at beginning of financial period	27,594	120,530
Effects of Exchange Rate Changes	1,199	2,018
Cash and cash equivalents at end of the financial period	11,121	30,216

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

Cash and bank balances	13,500	33,979
Bank overdraft	(2,379)	(3,763)
Cash and cash equivalents	11,121	30,216

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

HUBLINE BERHAD
(Company No:23568-H)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2013

	< ----- Attributable to Equity Holders of the Parent ----- >						> Distributable	Minority Interest	Total Equity
	Share capital	Warrant reserve	Treasury shares	Share premium	Other reserves	Retained profit			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 MONTHS ENDED 30 JUN 2012									
At 1 October 2011	334,747	39,077	(4,192)	33,371	(29,609)	111,057	484,451	-	484,451
Effects of transition to MFRS					-	-	-	-	-
At 1 October 2011	334,747	39,077	(4,192)	33,371	(29,609)	111,057	484,451	-	484,451
Private placement	40,518	20,528		(132)			60,914	-	60,914
Total comprehensive income for the period					6,723	8,098	14,821	-	14,821
At 30 June 2012	375,265	59,605	(4,192)	33,239	(22,886)	119,155	560,186	-	560,186
9 MONTHS ENDED 30 JUN 2013									
At 1 October 2012	376,165	58,705	(4,192)	33,204	(25,220)	113,442	552,104	-	552,104
Effects of transition to MFRS					-	-	-	-	-
At 1 October 2012	376,165	58,705	(4,192)	33,204	(25,220)	113,442	552,104	-	552,104
Rights issue	203,111	12,965		(30,847)		(110,449)	74,780		74,780
Total comprehensive income for the period					19,161	(192,947)	(173,786)	-	(173,786)
At 30 June 2013	579,276	71,670	(4,192)	2,357	(6,059)	(189,954)	453,098	-	453,098

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements).

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 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. For periods up to and including the year ended 30 September 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRS).

These condensed consolidated interim financial statements are the Group's first MFRS compliant Condensed reports and hence MFRS 1 – First time adoption of Malaysian Financial Reporting Standards has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 October 2012 (which is also the date of transition), the Group has not adjusted amounts previously reported in financial statements prepared in accordance with FRS. The transition from FRS to MFRS has not had a material impact on the statement of comprehensive income and the statement of cash flows.

A2. Summary of significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 30 September 2012 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this condensed report are consistent with those of the audited financial statements for the year ended 30 September 2012.

The following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 12	Disclosures of Interest in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 127	Separate Financial Statements (as amended by IASB in May 2011)	1 January 2013
MFRS 128	Investment in Associates and Joint Ventures (as amended by IASB in May 2011)	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

A3. Auditors' report on preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 30 September 2012 was not qualified.

A4. Seasonality or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

HUBLINE BERHAD
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A5. Exceptional items

There were no exceptional items in the quarterly financial statement under review.

A6. Changes in estimates

There were no changes in the estimates of amounts, which give a material effect in the current interim period.

A7. Debts and equity securities

There were no issuances, cancellations, repurchases, resale of debts and equity securities during the financial period under review.

A8. Dividend

No dividends have been declared or paid for the current financial period to date.

A9. Segmental Information

	Shipping & Related Activities RM'000	Elimination RM'000	Group RM'000
Revenue			
External sales	288,622	-	288,622
Inter-segment sales			
Total revenue	288,622	-	288,622
Results			
Interest income	334		334
Finance cost	(11,873)		(11,873)
Segment (loss)/profit before taxation	(192,696)		(192,696)

A10. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.13 RM '000	Preceding Year Quarter Ended 30.06.12 RM '000	Current Year To Date 30.06.13 RM '000	Preceding Year To Date 30.06.12 RM '000
Interest income	18	118	334	805
Other income	63	9	1,218	1,567
Foreign exchange gains/(losses) (net)	(385)	(64)	112	843
Gain/(Loss) on disposal of property, plant and equipment and investments	(14,837)	(1,060)	(41,046)	(237)
Impairment loss on property, plant and equipment	(13,668)	-	(13,668)	-
Depreciation and amortisation	(10,377)	(12,594)	(32,531)	(34,537)
Impairment on amount due from associates	(73,827)	-	(73,827)	-
Foreign exchange translation differences transferred from Translation Reserve	(22,900)	-	(22,900)	-
Provision for impairment on receivables	(26,017)	(188)	(26,017)	(312)

A11. 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.

A12. Subsequent material events

There were no material events subsequent to the end of the current quarter that has not been reflected in the financial statement for the current period.

A13. Changes in composition of the Company

There was no change in the composition of the Group during the current quarter under review.

A14. 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	<u>87,944</u>

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

Group revenue for the third quarter ended 30 June 2013 was RM 89.5 million as compared to RM 122.4 million in the corresponding period of the previous year. The decrease was mainly attributable to competitive rates from the excess capacity faced in the shipping industry. Economic conditions within the intra-Asian regions continued to prove challenging.

B2. Comparison with preceding quarter's results

Amidst the challenging shipping environment, the Group managed to turn a gross operating profit of RM 2.84 million for this quarter. However, the Group recorded a pre-tax loss of RM 162.8 million this quarter compared to a pre-tax loss of RM 30.8 million last quarter, mainly due to provision for impairment on receivables of RM 26 million, impairment on amount due from associates of RM 73.8 million, losses on vessels scrapped of RM 28.5 million and foreign exchange translation differences transferred from Translation Reserve of RM 22.9 million. All these impairments have been reflected in the Group's Consolidated Statement of Comprehensive Income under the category of Other Expenses.

B3. Commentary on Prospects

The shipping market for the foreseeable future remains challenging and with the prevailing weak economic conditions, the shipping industry remains very competitive. Against this outlook, the Group continues to stay focus on productivity, cost efficiencies and prudent capital management while maintaining the Group's leverage to any improvement in the external business environment.

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 June 2013 RM'000	Year to date 30 June 2013 RM'000
Income tax charge		
- current period	(356)	(682)
Deferred taxation	(40)	431
	<u>(396)</u>	<u>(251)</u>

The income of the Group that is derived from the operations of sea-going Malaysian registered ships is 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

There were no corporate proposals announced or not completed by the Group as at the date of this report.

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	37,513
- unsecured	56,711
Total	<u>94,224</u>
Long term borrowings :	
- secured	104,866
- unsecured	58,964
Total	<u>163,830</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 30.06.2013	Quarter Ended 30.06.2012	Year to Date ended 30.06.2013	Year to Date ended 30.06.2012
Net profit attributable to equity holders of the parent (RM'000)	(163,175)	2,971	(192,947)	8,098
Weighted average no. of ordinary shares ('000)	3,241,134	2,122,747	3,178,975	2,019,686
Basic earnings per share attributable to equity holders of the parent (sen)	-5.03	0.14	-6.07	0.40

(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 30.06.2013 RM'000	Preceding Quarter 31.03.2013 RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	(178,620)	(38,795)
- Unrealised	5,454	6,167
	<u>(173,166)</u>	<u>(32,628)</u>
Total share of retained profits/(losses) from associate		
- Realised	(30,186)	(24,730)
- Unrealised	(73,827)	(4,303)
	<u>(104,013)</u>	<u>(29,033)</u>
Adjust for: Consolidation adjustments	87,225	34,881
Retained profits as per financial statements	<u><u>(189,954)</u></u>	<u><u>(26,780)</u></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 2013.