

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2013

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2013 RM '000	Preceding Year Quarter Ended 31.12.2012 RM '000	Current Year To Date 31.12.2013 RM '000	Preceding Year To Date 31.12.2012 RM '000
Revenue	92,666	107,690	92,666	107,690
Operating Expenses	(82,027)	(94,744)	(82,027)	(94,744)
	<u>10,639</u>	<u>12,946</u>	<u>10,639</u>	<u>12,946</u>
Other Operating Income	2,410	1,024	2,410	1,024
Administrative Expenses	(7,010)	(8,765)	(7,010)	(8,765)
Finance Cost	(2,830)	(4,288)	(2,830)	(4,288)
Profit/ (Loss) before taxation	<u>3,209</u>	<u>917</u>	<u>3,209</u>	<u>917</u>
Taxation	(220)	364	(220)	364
Profit/ (Loss) for the period	<u><u>2,989</u></u>	<u><u>1,281</u></u>	<u><u>2,989</u></u>	<u><u>1,281</u></u>
Other comprehensive income:				
Currency translation differences	(378)	2,067	(378)	2,067
Net (Loss)/Gain on available for sale financial assets	-	(2,394)	-	(2,394)
Total Comprehensive income for the period	<u><u>2,611</u></u>	<u><u>954</u></u>	<u><u>2,611</u></u>	<u><u>954</u></u>
Profit/ (Loss) attributable to: Equity holders of the parent	<u>2,989</u>	<u>1,281</u>	<u>2,989</u>	<u>1,281</u>
Total comprehensive income attributable to: Equity holders of the parent	<u><u>2,611</u></u>	<u><u>954</u></u>	<u><u>2,611</u></u>	<u><u>954</u></u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.09	0.04	0.09	0.04
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 2013)

HUBLINE BERHAD
(Company No:23568-H)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	AS AT END OF CURRENT QUARTER 31.12.2013	AS AT PRECEEDING FINANCIAL YEAR ENDED 30.09.2013
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	482,722	486,932
Prepaid Land Lease Payments	10,463	10,490
Intangible assets	85,815	85,969
Investments in Securities	-	1
Deferred tax assets	16,497	18,138
	<u>595,497</u>	<u>601,530</u>
Current Assets		
Inventories	14,630	13,129
Trade receivables	128,839	132,492
Other receivables	4,591	8,341
Tax recoverable	1,163	1,496
Cash and cash equivalents	13,711	14,742
	<u>162,934</u>	<u>170,200</u>
TOTAL ASSETS	<u>758,431</u>	<u>771,730</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	579,276	579,276
Treasury shares	(4,192)	(4,192)
Reserves	(139,261)	(141,872)
Total equity	<u>435,823</u>	<u>433,212</u>
Non-current liabilities		
Long term borrowings	138,583	145,089
Deferred tax liabilities	12,643	14,241
	<u>151,226</u>	<u>159,330</u>
Current Liabilities		
Short term borrowings	102,003	102,747
Trade payables	23,508	36,289
Other payables	45,791	40,052
Taxation	80	100
	<u>171,382</u>	<u>179,188</u>
Total liabilities	<u>322,608</u>	<u>338,518</u>
TOTAL EQUITY AND LIABILITIES	<u>758,431</u>	<u>771,730</u>
Net assets per share (RM)	0.14	0.14

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 September 2013)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2013**

	CURRENT YEAR TO DATE ENDED 31.12.2013 RM'000	PRECEDING YEAR TO DATE ENDED 31.12.2012 RM'000
Profit/ (Loss) before taxation	3,209	917
Adjustments for :-		
Non-operating items	9,562	11,503
Interest expenses	2,830	4,288
Interest income	(8)	(281)
Operating profit before working capital changes	<u>15,593</u>	<u>16,427</u>
Net change in current assets	6,112	(2,459)
Net change in current liabilities	(7,041)	(4,838)
Tax (paid)/ refunded	(73)	(253)
Interest paid	(2,830)	(4,288)
Net cash generated from/ (used in) operating activities	<u>11,761</u>	<u>4,589</u>
Investing activities		
Purchase of property, plant and equipment	(5,686)	(15,156)
Proceeds from sales of investment, property, plant and equipment	313	12,678
Interest received	8	281
Net cash (used in)/generated from investing activities	<u>(5,365)</u>	<u>(2,197)</u>
Financing activities		
Proceeds from Rights Issue	-	75,627
Corporate exercise expenses	-	(790)
Repayment of bank borrowings	(7,225)	(91,607)
Proceeds from borrowings	-	35
Net cash (used in)/generated from financing activities	<u>(7,225)</u>	<u>(16,735)</u>
Net changes in cash and cash equivalents	(829)	(14,343)
Cash and cash equivalents at beginning of financial period	12,354	27,594
Effects of Exchange Rate Changes	(176)	2,102
Cash and cash equivalents at end of the financial period	<u>11,349</u>	<u>15,353</u>

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

Cash and bank balances	13,711	19,169
Bank overdraft	(2,362)	(3,816)
Cash and cash equivalents	<u>11,349</u>	<u>15,353</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2013)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2013

	< ----- Attributable to Equity Holders of the Parent ----- >						> Distributable	Minority Interest RM'000	Total Equity RM'000
	Share capital RM'000	Warrant reserve RM'000	Treasury shares RM'000	Share premium RM'000	Other reserves RM'000	Retained profit RM'000			
3 MONTHS ENDED 31 DEC 2012									
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		(30,790)		(110,450)	74,836		74,836
Total comprehensive income for the period					(327)	1,281	954	-	954
At 31 December 2012	579,276	71,670	(4,192)	2,414	(25,547)	4,273	627,894	-	627,894
3 MONTHS ENDED 31DEC 2013									
At 1 October 2013	579,276	71,670	(4,192)	2,357	(11,219)	(204,680)	433,212	-	433,212
Total comprehensive income for the period					(378)	2,989	2,611	-	2,611
At 31December 2013	579,276	71,670	(4,192)	2,357	(11,597)	(201,691)	435,823	-	435,823

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2013.)

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 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 2013.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 September 2013 except for the adoption of the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board that are mandatory for the Group for the financial year commencing 1 October 2013:

- MFRS 3 Business Combination (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 10: Consolidated Financial Statements
- MFRS 11: Joint Arrangements
- MFRS 12: Disclosure of Interests in Other Entities
- MFRS 13: Fair Value Measurement
- Amendment to MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendment to MFRS 116 Property, Plant and Equipment (Annual Improvements 2009 – 2011 Cycle)
- Amendment to MFRS 132 Financial Instruments Presentation (Annual Improvements 2009 – 2011 Cycle)
- Amendment to MFRS 134 Interim Financial Reporting (Annual Improvements 2009 – 2011 Cycle)
- Amendment to MFRS 10 Consolidated Financial Statements: Transition Guide
- Amendment to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)
- MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)

A2. Auditors' report on preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 30 September 2013 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. Exceptional 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.

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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	92,666	-	92,666
Inter-segment sales			
Total revenue	92,666	-	92,666
Results			
Interest income	8		8
Finance cost	(2,830)		(2,830)
Segment profit before taxation	3,209		3,209

A9. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2013 RM '000	Preceding Year Quarter Ended 31.12.2012 RM '000	Current Year To Date 31.12.2013 RM '000	Preceding Year To Date 31.12.2012 RM '000
Interest income	8	281	8	281
Other income	741	744	741	744
Foreign exchange gains/(losses) (net)	1,574	(707)	1,574	(707)
Gain/(Loss) on disposal of property, plant and equipment and investments	87	(92)	87	(92)
Depreciation and amortisation	(9,649)	(11,324)	(9,649)	(11,324)

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 statement 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>83,179</u>

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

Group revenue for the first quarter ended 31 December 2013 was RM 92.7 million as compared to RM 107.7 million in the corresponding period of the previous year. The decrease was mainly attributable to decreased container cargo volumes and stiff competitive freight rates in the container liner service. Notwithstanding this, the Group managed to generate a net profit before tax for the quarter of RM 3.2 million as compared to RM 0.9 million. The Group managed to achieve this through effective cost management measures as well as lower finance costs as a result of lower borrowings.

B2. Comparison with preceding quarter's results

Despite the tough global economic environment, the Group revenue for the current quarter was 1.8% higher as compared to the revenue of the previous quarter. Additionally, the profit before tax was 5.2% higher as compared to the preceding quarter. The increased profit is attributed to the Management's focus on managing costs with the objective of further improving our cost structure in order to sustain our long term growth, as evidenced by lower administrative costs and finance costs from reduced borrowings in this current quarter ended 31 December 2013.

B3. Commentary on Prospects

The Malaysian and intra-Asian shipping environment continues to be challenging for the container division, whereas the dry bulk shipping sector looks promising as our year to date fleet is enjoying full capacity and the demand is expected to continue for the remaining part of this year.

The Group shall continue to focus on operational efficiencies by monitoring closely various niche trade routes with the objective of maximizing vessel capacity utilization rates and profitability while ensuring cost efficiencies too.

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 2013 RM'000	Year to date 31 December 2013 RM'000
Income tax charge		
- current period	(174)	(174)
Deferred taxation	(46)	(46)
	<u>(220)</u>	<u>(220)</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	39,592
- unsecured	62,411
Total	<u>102,003</u>
Long term borrowings :	
- secured	91,022
- unsecured	47,561
Total	<u>138,583</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 31.12.2013	Quarter Ended 31.12.2012	Year to Date ended 31.12.2013	Year to Date ended 31.12.2012
Net profit attributable to equity holders of the parent (RM'000)	2,989	1,281	2,989	1,281

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Weighted average no. of ordinary shares ('000)	3,241,134	2,994,526	3,241,134	3,178,975
Basic earnings per share attributable to equity holders of the parent (sen)	0.09	0.04	0.09	0.04

(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 31.12.2013 RM'000	Preceding Quarter 30.09.2013 RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	(563,400)	(577,539)
- Unrealised	6,588	15,297
	<u>(556,812)</u>	<u>(562,242)</u>
Adjust for: Consolidation adjustments	355,121	357,562
Retained profits as per financial statements	<u>(201,691)</u>	<u>(204,680)</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 2014.