

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2014

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2014**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.2014 RM '000	Preceding Year Quarter Ended 30.06.2013 RM '000	Current Year To Date 30.06.2014 RM '000	Preceding Year To Date 30.06.2013 RM '000
<b>Revenue</b>	92,158	89,542	276,605	288,622
Operating Expenses	(81,087)	(86,700)	(244,086)	(266,828)
	<u>11,071</u>	<u>2,842</u>	<u>32,519</u>	<u>21,794</u>
Other Operating Income	647	82	3,494	2,385
Administrative Expenses	(6,452)	(8,540)	(18,786)	(24,556)
Other Expenses	-	(154,158)	-	(180,446)
Finance Cost	(2,856)	(3,005)	(9,357)	(11,873)
<b>Profit/ (Loss) before taxation</b>	<u>2,410</u>	<u>(162,779)</u>	<u>7,870</u>	<u>(192,696)</u>
Taxation	(387)	(396)	(846)	(251)
<b>Profit/ (Loss) for the period</b>	<u>2,023</u>	<u>(163,175)</u>	<u>7,024</u>	<u>(192,947)</u>
Other comprehensive income:				
Currency translation differences	(1,729)	20,059	(1,902)	23,306
Net (Loss)/Gain on available for sale financial assets	-	-	-	(4,145)
<b>Total Comprehensive income for the period</b>	<u>294</u>	<u>(143,116)</u>	<u>5,122</u>	<u>(173,786)</u>
Profit/ (Loss) attributable to: Equity holders of the parent	<u>2,023</u>	<u>(163,175)</u>	<u>7,024</u>	<u>(192,947)</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>294</u>	<u>(143,116)</u>	<u>5,122</u>	<u>(173,786)</u>
<b>Earnings per share attributable to equity holders of the parent (sen)</b>				
<b>Basic</b>	0.06	-5.03	0.22	-6.07
<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 2013)

**QUARTERLY REPORT**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014**

	<b>AS AT END OF CURRENT QUARTER 30.06.2014</b>	<b>AS AT PRECEEDING FINANCIAL YEAR ENDED 30.09.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, Plant and Equipment	466,976	486,932
Prepaid Land Lease Payments	10,409	10,490
Intangible assets	85,507	85,969
Investments in Securities	-	1
Deferred tax assets	16,380	18,138
	<u>579,272</u>	<u>601,530</u>
<b>Current Assets</b>		
Inventories	13,843	13,129
Trade & Other receivables	142,242	140,833
Tax recoverable	1,751	1,496
Cash and cash equivalents	13,870	14,742
	<u>171,706</u>	<u>170,200</u>
<b>TOTAL ASSETS</b>	<u>750,978</u>	<u>771,730</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	579,276	579,276
Treasury shares	(4,192)	(4,192)
Reserves	(136,750)	(141,872)
<b>Total equity</b>	<u>438,334</u>	<u>433,212</u>
<b>Non-current liabilities</b>		
Long term borrowings	116,935	145,089
Deferred tax liabilities	12,805	14,241
	<u>129,740</u>	<u>159,330</u>
<b>Current Liabilities</b>		
Short term borrowings	103,397	102,747
Trade & Other payables	79,460	76,341
Taxation	47	100
	<u>182,904</u>	<u>179,188</u>
<b>Total liabilities</b>	<u>312,644</u>	<u>338,518</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>750,978</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)

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

**QUARTERLY REPORT**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 JUNE 2014**

	<b>CURRENT YEAR TO DATE ENDED 30.06.2014 RM'000</b>	<b>PRECEDING YEAR TO DATE ENDED 30.06.2013 RM'000</b>
Profit/ (Loss) before taxation	7,870	(192,696)
Adjustments for :-		
Non-operating items	28,287	214,351
Interest expenses	9,357	11,873
Interest income	(24)	(334)
Operating profit before working capital changes	45,490	33,194
Net change in current assets	(2,072)	(1,429)
Net change in current liabilities	3,120	12,867
Tax (paid)/ refunded	(883)	45
Interest paid	(9,357)	(11,873)
<b>Net cash generated from/ (used in) operating activities</b>	<b>36,298</b>	<b>32,804</b>
Investing activities		
Purchase of property, plant and equipment	(14,859)	(32,560)
Proceeds from sales of investment, property, plant and equipment	7,401	20,940
Interest received	24	334
<b>Net cash (used in)/generated from investing activities</b>	<b>(7,434)</b>	<b>(11,286)</b>
Financing activities		
Proceeds from Rights Issue	-	75,627
Corporate exercise expenses	-	(846)
Repayment of bank borrowings	(27,465)	(136,246)
Proceeds from borrowings	-	22,275
<b>Net cash (used in)/generated from financing activities</b>	<b>(27,465)</b>	<b>(39,190)</b>
Net changes in cash and cash equivalents	1,399	(17,672)
Cash and cash equivalents at beginning of financial period	12,354	27,594
Effects of Exchange Rate Changes	(2,231)	1,199
<b>Cash and cash equivalents at end of the financial period</b>	<b>11,522</b>	<b>11,121</b>

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

Cash and bank balances	13,870	13,500
Bank overdraft	(2,348)	(2,379)
<b>Cash and cash equivalents</b>	<b>11,522</b>	<b>11,121</b>

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

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

**QUARTERLY REPORT**

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2014**

	< ----- Attributable to Equity Holders of the Parent ----- >								
	< ----- Non-distributable ----- >			> 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	Minority Interest RM'000	Total Equity RM'000
<b>9 MONTHS ENDED 30 JUN 2013</b>									
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
<b>9 MONTHS ENDED 30 JUN 2014</b>									
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					(1,902)	7,024	5,122	-	5,122
At 30 June 2014	579,276	71,670	(4,192)	2,357	(13,121)	(197,656)	438,334	-	438,334

(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. 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.

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

**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
<b>Revenue</b>			
External sales	276,605	-	276,605
Inter-segment sales			
Total revenue	276,605	-	276,605
<b>Results</b>			
Interest income	24		24
Finance cost	(9,357)		(9,357)
Segment profit before taxation	7,870		7,870

**A9. Profit before tax**

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.2014 RM '000	Preceding Year Quarter Ended 30.06.2013 RM '000	Current Year To Date 30.06.2014 RM '000	Preceding Year To Date 30.06.2013 RM '000
Interest income	4	18	24	334
Other income	(375)	63	1,340	1,218
Foreign exchange gains/(losses) (net)	768	(385)	1,202	112
Gain/(Loss) on disposal of property, plant and equipment and investments	19	(14,837)	318	(41,046)
Depreciation and amortisation	(9,390)	(10,377)	(28,605)	(32,531)
Impairment loss on property, plant and equipment	-	(13,668)	-	(13,668)
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)	-	(26,017)

**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.

**HUBLINE BERHAD**  
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**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:

	RM'000
Corporate Guarantees given to financial institutions and third parties for credit facilities provided to subsidiaries	<u>80,179</u>

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

**B1. Review of performance**

The Group recorded marginal improvements in revenue for the third quarter ended 30 June 2014. Total revenue for the June 2014 quarter was RM 92.2 million as compared to RM 89.5 million in the corresponding period of the previous year.

For the nine months ended 30 June 2014, the Group recorded total revenue of RM 276.6 million, a marginal decrease from RM 288.6 million recorded in the previous year corresponding period.

The Group managed to generate a third quarter 2014 net profit before tax of RM 2.4 million as compared to a loss of RM 162.8 million during the same period of 2013. This was mainly due to provisions for impairment of RM 154.2 million which was taken up in the third quarter of 2013. The profit improvements were also attributed to lower administrative costs and finance costs as Management focuses on managing costs and further improving our cost structure.

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

In comparing the current quarter's results to the results of the previous quarter, the Group revenue increased slightly from RM 91.8 million to RM 92.2 million. The Group recorded a steady profit before tax of RM 2.4 million during the current quarter against a RM 2.3 million profit before tax recorded in the previous quarter.

**B3. Commentary on Prospects**

The dry bulk shipping sector continues to look promising with our year to date fleet enjoying full capacity. This demand is expected to continue for the remaining part of this year. However, the container shipping division though filled with steady demand, still faces over supply capacity market situation resulting in stiff competition and freight stagnation.

The Group shall continue to 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 2014 RM'000	Year to date 30 June 2014 RM'000
Income tax charge		
- current period	(304)	(521)
Deferred taxation	(83)	(325)
	<u>(387)</u>	<u>(846)</u>

The income of the Group that is derived from the operations of sea-going Malaysian registered ships is partially 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	43,100
- unsecured	60,297
Total	<u>103,397</u>
Long term borrowings :	
- secured	74,753
- unsecured	42,182
Total	<u>116,935</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 30.06.2014	Quarter Ended 30.06.2013	Year to Date ended 30.06.2014	Year to Date ended 30.06.2013
Net profit attributable to equity holders of the parent (RM'000)	2,023	(163,175)	7,024	(192,947)
Weighted average no. of ordinary shares ('000)	3,241,134	3,241,134	3,241,134	3,178,975
Basic earnings per share attributable to equity holders of the parent (sen)	0.06	-5.03	0.22	-6.07

**(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 30.06.2014 RM'000	Preceding Quarter 31.03.2014 RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	(255,921)	(561,121)
- Unrealised	4,589	2,877
	<u>(251,332)</u>	<u>(558,244)</u>
Adjust for: Consolidation adjustments	53,676	358,565
Retained profits as per financial statements	<u>(197,656)</u>	<u>(199,679)</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 29 August 2014.