

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2014

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2014 RM '000	Preceding Year Quarter Ended 31.12.2013 RM '000	Current Year To Date 31.12.2014 RM '000	Preceding Year To Date 31.12.2013 RM '000
Revenue	63,877	92,666	63,877	92,666
Operating Expenses	(60,335)	(82,027)	(60,335)	(82,027)
	<u>3,542</u>	<u>10,639</u>	<u>3,542</u>	<u>10,639</u>
Other Operating Income	527	2,410	527	2,410
Administrative Expenses	(7,458)	(7,010)	(7,458)	(7,010)
Other Expenses	-	-	-	-
Finance Cost	(2,514)	(2,830)	(2,514)	(2,830)
Profit/ (Loss) before taxation	<u>(5,903)</u>	<u>3,209</u>	<u>(5,903)</u>	<u>3,209</u>
Taxation	42	(220)	42	(220)
Profit/ (Loss) for the period	<u>(5,861)</u>	<u>2,989</u>	<u>(5,861)</u>	<u>2,989</u>
Other comprehensive income:				
Currency translation differences	(2,400)	(378)	(2,400)	(378)
Net (Loss)/Gain on available for sale financial assets	-	-	-	-
Total Comprehensive income for the period	<u>(8,261)</u>	<u>2,611</u>	<u>(8,261)</u>	<u>2,611</u>
Profit/ (Loss) attributable to: Equity holders of the parent	<u>(5,861)</u>	<u>2,989</u>	<u>(5,861)</u>	<u>2,989</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>(8,261)</u>	<u>2,611</u>	<u>(8,261)</u>	<u>2,611</u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic	-0.18	0.09	-0.18	0.09
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 2014)

QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	AS AT END OF CURRENT QUARTER 31.12.2014	AS AT PRECEEDING FINANCIAL YEAR ENDED 30.09.2014
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	471,609	459,733
Prepaid Land Lease Payments	-	-
Intangible assets	85,199	85,353
Investments in Securities	-	-
Deferred tax assets	14,682	16,145
	<u>571,490</u>	<u>561,231</u>
Current Assets		
Inventories	12,808	12,396
Trade and Other receivables	118,698	141,419
Tax recoverable	1,779	-
Cash and cash equivalents	10,360	12,477
	<u>143,645</u>	<u>166,292</u>
TOTAL ASSETS	<u>715,135</u>	<u>727,523</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	(146,044)	(137,783)
Total equity	<u>429,040</u>	<u>437,301</u>
Non-current liabilities		
Long term borrowings	118,894	97,314
Deferred tax liabilities	12,793	14,485
	<u>131,687</u>	<u>111,799</u>
Current Liabilities		
Short term borrowings	107,005	127,433
Trade & Other payables	46,988	50,574
Taxation	415	416
	<u>154,408</u>	<u>178,423</u>
Total liabilities	<u>286,095</u>	<u>290,222</u>
TOTAL EQUITY AND LIABILITIES	<u>715,135</u>	<u>727,523</u>
Net assets per share (RM)	0.13	0.13

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 September 2014)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2014

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2014**

	CURRENT YEAR TO DATE ENDED 31.12.2014 RM'000	PRECEDING YEAR TO DATE ENDED 31.12.2013 RM'000
Profit/ (Loss) before taxation	(5,903)	3,209
Adjustments for :-		
Non-operating items	9,592	9,562
Interest expenses	2,514	2,830
Interest income	(12)	(8)
Operating profit before working capital changes	6,191	15,593
Net change in current assets	20,673	6,112
Net change in current liabilities	(3,586)	(7,041)
Tax (paid)/ refunded	(331)	(73)
Interest paid	(2,514)	(2,830)
Net cash generated from/ (used in) operating activities	20,433	11,761
Investing activities		
Purchase of property, plant and equipment	(20,002)	(5,686)
Proceeds from sales of investment, property, plant and equipment	290	313
Interest received	12	8
Net cash (used in)/generated from investing activities	(19,700)	(5,365)
Financing activities		
Proceeds from Rights Issue	-	-
Corporate exercise expenses	-	-
Repayment of bank borrowings	(13,902)	(7,225)
Proceeds from borrowings	15,000	-
Net cash (used in)/generated from financing activities	1,098	(7,225)
Net changes in cash and cash equivalents	1,831	(829)
Cash and cash equivalents at beginning of financial period	10,068	12,354
Effects of Exchange Rate Changes	(4,001)	(176)
Cash and cash equivalents at end of the financial period	7,898	11,349

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

Cash and bank balances	10,360	13,711
Bank overdraft	(2,462)	(2,362)
Cash and cash equivalents	7,898	11,349

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2014)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2014

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2014

	< ----- Attributable to Equity Holders of the Parent ----- >						Total Equity RM'000	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 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 31 December 2013	579,276	71,670	(4,192)	2,357	(11,597)	(201,691)	435,823	-	435,823
3 MONTHS ENDED 31 DEC 2014									
At 1 October 2014	579,276	71,670	(4,192)	2,357	(10,392)	(201,418)	437,301	-	437,301
Total comprehensive income for the period					(2,400)	(5,861)	(8,261)	-	(8,261)
At 31 December 2014	579,276	71,670	(4,192)	2,357	(12,792)	(207,279)	429,040	-	429,040

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2014.)

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 2014.

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 2014 except for the adoption of the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board for the financial year commencing 1 October 2014:

- MFRS 10: Consolidated Financial Statements
- MFRS 11: Joint Arrangements
- MFRS 12: Disclosure of Interests in Other Entities
- Amendments to MFRS 119 Defined Benefits Plans: Employee Contribution
- Amendments to MFRSs Annual Improvements to MFRSs 2010 -2012 cycle

A2. Auditors' report on preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 30 September 2014 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.

HUBLINE BERHAD
(Company No:23568-H)

A8. Segmental Information

	Shipping & Related Activities RM'000	Elimination RM'000	Group RM'000
Revenue			
External sales	63,877	-	63,877
Inter-segment sales			
Total revenue	63,877	-	63,877
Results			
Interest income	12		12
Finance cost	(2,514)		(2,514)
Segment (loss)/profit before taxation	(5,903)		(5,903)

A9. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2014 RM '000	Preceding Year Quarter Ended 31.12.2013 RM '000	Current Year To Date 31.12.2014 RM '000	Preceding Year To Date 31.12.2013 RM '000
Interest income	12	8	12	8
Other income	70	741	70	741
Foreign exchange gains/(losses) (net)	(8)	1,574	(8)	1,574
Gain/(Loss) on disposal of property, plant and equipment and investments	214	87	214	87
Depreciation and amortisation	(9,806)	(9,649)	(9,806)	(9,649)

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

Save as disclosed below, 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:

- (a) On 18 February 2015, the Company announced that it has decided to exit from the container shipping business industry and therefore will be discontinuing the container shipping operations of the Group. The decision was made due to the losses incurred by the container shipping division over the last few years and without immediate turnaround in the industry landscape, continued container shipping operations will eventually 'harm' our profitable operations of the break bulk division.

Subject to market conditions during the exit process and the Company's successful execution of its exit plans, the estimated one-off costs to the income statement are expected to be approximately RM 350 million for the financial year ending 30 September 2015. However, over the long term, as the Group concentrates on its profitable break bulk division, the Board anticipates a positive impact to the Group's earnings.

- (b) On the same day, a Restraining Order was granted by the High Court of Sabah and Sarawak, in Kuching to restrain any and all proceedings and/or actions and/or further proceedings in any suits and/or proceedings and/or actions against Hubline Bhd's wholly owned subsidiary, Hub Shipping Sdn Bhd. The

HUBLINE BERHAD
(Company No:23568-H)

Restraining Order was obtained for the purpose of enabling the Company to focus its efforts on restructuring the shipping operations of the Company and, formalising its proposed scheme of arrangement for creditors, unhindered by the probability of having to divert resources to defending or dealing with any proceedings and/or actions by creditors, purported creditors or any other persons.

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	81,982

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

Group revenue for the first quarter ended 31 December 2014 was RM 63.9 million as compared to RM 92.7 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.

The Group recorded a RM 5.9 million loss before tax, down from RM 3.2 million profit in the previous corresponding year. The decrease was mainly due to lower margins from the container shipping division.

B2. Comparison with preceding quarter's results

The Group revenue in the current quarter of RM 63.9 million was a 19% decrease from the preceding quarter which recorded revenue of RM 79.3 million. This decrease was due to lower revenue recognised in the container shipping division.

B3. Commentary on Prospects

The Group's dry bulk shipping division is performing as expected and we expect this sector to perform reasonably well going forward.

Stemming from the Company's decision to exit the container shipping business, as announced on 18 February 2015, the expected one-off costs to the income statement are estimated to be approximately RM 350 million for the financial year ending 30 September 2015.

It is therefore anticipated that the Group will incur losses for the current financial year ending 30 September 2015.

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 2014 RM'000	Year to date 31 December 2014 RM'000
Income tax charge		
- current period	(188)	(188)
Deferred taxation	230	230
	<u>42</u>	<u>42</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	50,557
- unsecured	56,448
Total	<u>107,005</u>
Long term borrowings :	
- secured	79,720
- unsecured	39,174
Total	<u>118,894</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 31.12.2014	Quarter Ended 31.12.2013	Year to Date ended 31.12.2014	Year to Date ended 31.12.2013
Net profit attributable to equity holders of the parent (RM'000)	(5,861)	2,989	(5,861)	2,989
Weighted average no. of ordinary shares ('000)	3,241,134	3,241,134	3,241,134	3,241,134
Basic earnings per share attributable to equity holders of the parent (sen)	-0.18	0.09	-0.18	0.09

(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 31.12.2014 RM'000	Preceding Quarter 30.09.2014 RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	(572,521)	(572,617)
- Unrealised	2,121	1,610
	<u>(570,400)</u>	<u>(571,007)</u>
Adjust for: Consolidation adjustments	363,121	369,589
Retained profits as per financial statements	<u>(207,279)</u>	<u>(201,418)</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 27 February 2015.