

HUBLINE BERHAD (23568-H)

Quarterly Report on Consolidated Results

For The First Financial Quarter Ended 31 December 2009

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31.12.09 RM '000	Quarter Ended 31.12.08 RM '000	Year to Date Ended 31.12.09 RM '000	Year to Date Ended 31.12.08 RM '000
Revenue	137,732	151,246	137,732	151,246
Operating Expenses	(124,966)	(134,999)	(124,966)	(134,999)
	<u>12,766</u>	<u>16,247</u>	<u>12,766</u>	<u>16,247</u>
Other Operating Income	3,258	4,233	3,258	4,233
Administrative expenses	(8,825)	(9,177)	(8,825)	(9,177)
Finance Cost	(4,782)	(5,806)	(4,782)	(5,806)
Share of results of Associates	(799)	(4,328)	(799)	(4,328)
Profit/(loss) before taxation	<u>1,618</u>	<u>1,169</u>	<u>1,618</u>	<u>1,169</u>
Taxation	(219)	(349)	(219)	(349)
Profit/(loss) for the period	<u><u>1,399</u></u>	<u><u>820</u></u>	<u><u>1,399</u></u>	<u><u>820</u></u>
Attributable to:				
Equity holders of the parent	1,399	820	1,399	820
Minority Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u><u>1,399</u></u>	<u><u>820</u></u>	<u><u>1,399</u></u>	<u><u>820</u></u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic (sen)	0.09	0.07	0.09	0.07
Diluted (sen)	0.06	-	0.06	-

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 September 2009)

HUBLINE BERHAD (23568-H)

Quarterly Report on Consolidated Results

For The First Financial Quarter Ended 31 December 2009

CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 31.12.2009	AS AT PRECEDING FINANCIAL YEAR ENDED 30.09.2009
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	482,570	468,958
Goodwill on Consolidation	84,617	84,617
Intangible assets	57	57
Investment in Associated Companies	14,855	15,707
Other receivables	5,037	5,088
Deferred tax assets	404	381
	587,540	574,808
Current Assets		
Inventories	37,456	35,628
Trade receivables	106,369	98,983
Other receivables	69,209	72,230
Short term investment	22,000	-
Tax recoverable	5,299	4,626
Cash and bank balances	228,768	168,877
	469,101	380,344
TOTAL ASSETS	1,056,641	955,152
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	373,824	249,488
Treasury Shares	(2,512)	(2,512)
Reserve	232,090	230,105
Total equity	603,402	477,081
Non-current liabilities		
Long term borrowings	288,821	293,483
Deferred tax liabilities	13,442	13,679
	302,263	307,162
Current Liabilities		
Short term borrowings	106,853	120,462
Trade payables	22,542	27,695
Other payables	20,957	22,700
Taxation	624	52
	150,976	170,909
Total liabilities	453,239	478,071
TOTAL EQUITY AND LIABILITIES	1,056,641	955,152
Net assets per share (RM)	0.32	0.38

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 September 2009)

HUBLINE BERHAD (23568-H)

Quarterly Report on Consolidated Results

For The First Financial Quarter Ended 31 December 2009**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	YEAR TO DATE ENDED 31.12.2009 RM'000	YEAR TO DATE ENDED 31.12.2008 RM'000
Profit before taxation	1,618	1,169
Adjustments for :-		
Non-operating items	10,998	9,769
Interest expenses	4,782	5,806
Interest income	(561)	(688)
Operating profit before working capital changes	16,837	16,056
Net change in current assets	(6,192)	14,800
Net change in current liabilities	(6,895)	(17,083)
Tax paid	(581)	(144)
Interest paid	(4,782)	(5,806)
Net cash generated from operating activities	(1,613)	7,823
Investing activities		
Purchase of property, plant and equipment	(25,145)	(17,144)
Proceeds from sales of property, plant and equipment	2,026	14,180
Short term investment	(22,000)	0
Interest received	561	688
Net cash used in investing activities	(44,558)	(2,276)
Financing activities		
Bank borrowings	(18,504)	17,664
Proceeds from rights issue	124,335	0
Net cash generated from financing activities	105,831	17,664
Net changes in cash and cash equivalents	59,660	23,211
Cash and cash equivalents at beginning of financial year	165,433	147,237
Cash and cash equivalents at end of the financial period	225,093	170,448

(The Condensed Consolidated Cash Flow statements should be read in conjunction with the Annual Financial Report for the year ended 30 September 2009)

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Quarterly Report on Consolidated Results

For The First Financial Quarter Ended 31 December 2009

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	< ----- Non-distributable ----- >				Distributable	Total	Minority Interest	Total Equity
	Share capital	Treasury shares	Share premium	Foreign Exchange reserve	Retained profit			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 01.10.2009	249,488	(2,512)	35,008	(2,837)	197,934	477,081	-	477,081
Foreign exchange differences	-	-	-	587	-	587	-	587
Proceeds from rights issue	124,335	-	-	-	-	124,335	-	124,335
Net profit for the period	-	-	-	-	1,399	1,399	-	1,399
At 31.12.2009	373,823	(2,512)	35,008	(2,250)	199,333	603,402	-	603,402
At 01.10.2008	249,488	(2,512)	35,008	(2,973)	197,001	476,012	-	476,012
Foreign exchange differences	-	-	-	12	-	12	-	12
Net profit for the period	-	-	-	-	820	820	-	820
At 31.12.2008	249,488	(2,512)	35,008	(2,961)	197,821	476,844	-	476,844

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2009

HUBLINE BERHAD (23568-H)

Quarterly Report on Consolidated Results

For The First Financial Quarter Ended 31 December 2009

NOTES TO THE INTERIM FINANCIAL REPORT – FRS 134**A1. Accounting policies**

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statement of the Group for the year ended 30 September, 2009.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in the annual financial statements for the year ended 30 September, 2009.

A2. Auditors' report on preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 30 September 2009 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. Nature and amount of unusual items

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

A5. Changes in estimates

There was 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 and repayment of debts and equity securities during the financial period under review.

A7. Dividend

No dividend has been paid during the financial period.

A8. Segmental Information

	Shipping & Related Activities RM'000	Non- Shipping RM'000	Management Services RM'000	Group RM'000
REVENUE AND RESULT				
Total revenue	124,327	13,405	0	137,732
Segment results	7,678	(21)	(458)	7,199
Finance costs				(4,782)
Share of results of associates				(799)
Taxation				(219)
Profit for the period				1,399

A9. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements

A10. Material events subsequent to the end of the period

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.

A11. Changes in composition of the Company

There was no changes in the composition of the Group during the current quarter under review except for the following:

- (a) On 30 October 2009, the Company acquired the entire equity interest totaling two ordinary shares of RM 1 each in Hubline Logistics Sdn Bhd for a cash consideration of RM 2.
- (b) On 19 November 2009, Hub Shipping Sdn Bhd., a wholly owned subsidiary of the Company, had established a wholly owned subsidiary known as Hubline (China) Limited for a cash consideration of USD 225,000.

A12. 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	83,381
Share of contingent liabilities of associates	11,524
	<u>94,905</u>

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

Group revenue for the first quarter ended 31 December 2009 at RM 138 million is about RM 13 million lower than previous year corresponding period of RM 151 million. The drop in revenue was mainly due to lower cargo volume in dry-bulk operations and drop in trading turnover. Profit before tax (PBT) for the first quarter ended 31 December 2009 was RM 1.6 million compared to RM 0.8 million recorded in the previous year corresponding period.

B2. Comparison with preceding quarter's results

The Group recorded a pre-tax profit of RM 1.6 million in the first quarter compared to the pre-tax profit of RM 8.5 million in the preceding quarter. The decrease in pre-tax profit was mainly due to lower revenue and gain from disposal of vessels recorded in the previous quarter.

B3. Prospects

The general outlook for both the container shipping business and dry-bulk markets is expected to be challenging as the uncertain global economic conditions continue to exert competitive pressures to the shipping industry. In recognizing these pressure, the Board and the management will continue to take steps to contain cost and to rationalize the services to minimize the impact of the global economic slowdown.

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

	October- December 2009 RM'000
Income tax charge	
- current period	(479)
Deferred taxation	260
	<u>219</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.

Particulars of investments in quoted securities as at 31 December 2009 are as follows:-

	RM'000
<u>Quoted Shares</u>	
At cost	<u>27,751</u>
At book value	<u>14,855</u>
At market value	<u>5,230</u>

B8. Status of corporate proposals

The Group's renounceable Rights Issue of up to 623,721,421 new ordinary shares of RM 0.20 each in Hubline ("Rights Shares") together with up to 623,721,421 free detachable warrants ("Warrants") on the basis of one(1) Rights Share together with one (1) Warrant for every two (2) existing ordinary shares of RM 0.20 each in Hubline was successfully completed on 11 November 2009 when the Rights Shares and Warrants was listed on Bursa Malaysia Securities Berhad .

The Group's issued and paid-up capital increased from 1,247,442,842 ordinary shares of RM 0.20 each to 1,869,119,263 ordinary shares of RM 0.20 each upon completion of the Rights Issue exercise.

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	9,455
- unsecured	97,398
Total	<u>106,853</u>
Long term borrowings :	
- secured	<u>288,821</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. Material litigation

Save as disclosed below, 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.

There is a potential claim by the owners of “MV Antwerpen” against Highline Pacific Sdn Bhd (“**Highline Pacific**”), subsidiary of Highline Shipping, for the amount of USD1.2 million for loss of hire and USD65,000.00 for hull damage arising from the collision of barge “Everline 7” towed by tug “Everline 3” on 7 September 2007 with “MV Antwerpen” which was allegedly anchored at location 01 44.35N/ 104 28 19 E. “Everline 7” is currently insured for hull and machinery for RM4.4 million and lawyers have been engaged by the underwriters of the insurance policy for Highline Pacific and the underwriters. A limitation action has been filed by the said lawyers in the Malaysian courts pursuant to the 1957 International Convention relating to the Limitation of the Liability of Owners of Sea-Going Ships and Protocol of Signature which would allow Highline Pacific to limit their liability to approximately RM54,794.50 .

The Board is of the opinion that the claim does not have any material financial impact on the Highline Shipping Group as it is sufficiently insured.

B12. Dividend declared

The Directors do not recommend any dividend for the quarter under review.

B13. Earnings per share

	Individual quarter		Cumulative quarter	
	Quarter Ended	Quarter Ended	Year to Date ended	Year to Date ended
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Net profit attributable to equity holders of the parent (RM'000)	1,399	820	1,399	820
Weighted average no. of ordinary shares in issue ('000)	1,587,978	1,243,353	1,587,978	1,243,353
Effect on dilution:				
Assume full exercise of warrants ('000)	621,676	-	621,676	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	2,209,654	-	2,209,654	-
Basic earnings per share (sen)	0.09	0.07	0.09	0.07
Diluted earnings per share(sen)	0.06	-	0.06	-

B14. Commitments

Commitments as at 31 December 2009, in foreign currency and its equivalent in RM is as follows:

Bareboat charter commitments

	USD '000	RM '000
Less than 1 year	5,632	19,299
1 to 5 years	15,180	52,013
Over 5 years	9,286	31,819
Total	<u>30,098</u>	<u>103,131</u>

B15 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 25 February 2010.