

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2010

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 DECEMBER 2010**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.10 RM '000	Preceding Year Quarter Ended 31.12.09 RM '000	Current Year To Date 31.12.10 RM '000	Preceding Year To Date 31.12.09 RM '000
Revenue	152,237	137,732	152,237	137,732
Operating Expenses	(133,553)	(124,966)	(133,553)	(124,966)
	<u>18,684</u>	<u>12,766</u>	<u>18,684</u>	<u>12,766</u>
Other Operating Income	1,961	3,258	1,961	3,258
Administrative and Other Expenses	(24,050)	(8,825)	(24,050)	(8,825)
Finance Cost	(6,093)	(4,782)	(6,093)	(4,782)
Share of results of Associates	0	(799)	0	(799)
(Loss)/Profit before taxation	<u>(9,498)</u>	<u>1,618</u>	<u>(9,498)</u>	<u>1,618</u>
Taxation	18,937	(219)	18,937	(219)
Profit for the period	<u>9,439</u>	<u>1,399</u>	<u>9,439</u>	<u>1,399</u>
Other comprehensive income:				
Currency translation differences	1,219	587	1,219	587
Total Comprehensive income for the period	<u>10,658</u>	<u>1,986</u>	<u>10,658</u>	<u>1,986</u>
Profit attributable to:				
Equity holders of the parent	9,439	1,399	9,439	1,399
Minority Interest	0	0	0	0
	<u>9,439</u>	<u>1,399</u>	<u>9,439</u>	<u>1,399</u>
Total comprehensive income attributable to:				
Equity holders of the parent	10,658	1,986	10,658	1,986
Minority Interest	0	0	0	0
	<u>10,658</u>	<u>1,986</u>	<u>10,658</u>	<u>1,986</u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.51	0.08	0.51	0.08
Diluted	0.49	0.08	0.49	0.08

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 September 2010)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	AS AT END OF CURRENT QUARTER 31.12.2010 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 30.09.2010 RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	623,517	608,356
Prepaid Land Lease Payments	10,343	10,343
Goodwill on Consolidation	84,617	84,617
Intangible assets	2,254	2,396
Investments	6,322	13,197
Other receivables	47,521	4,536
Deferred tax assets	20,589	2,178
	<u>795,163</u>	<u>725,623</u>
Current Assets		
Inventories	41,800	40,668
Trade receivables	102,656	112,078
Other receivables	21,814	76,117
Tax recoverable	7,001	5,985
Cash and bank balances	89,933	163,676
	<u>263,204</u>	<u>398,524</u>
TOTAL ASSETS	<u>1,058,367</u>	<u>1,124,147</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	334,747	334,747
Treasury Shares	(4,192)	(4,192)
Reserves	235,102	244,957
Total equity	<u>565,657</u>	<u>575,512</u>
Non-current liabilities		
Long term borrowings	237,588	313,272
Deferred tax liabilities	12,588	12,784
	<u>250,176</u>	<u>326,056</u>
Current Liabilities		
Short term borrowings	211,893	175,061
Trade payables	16,044	29,902
Other payables	14,018	17,304
Taxation	579	312
	<u>242,534</u>	<u>222,579</u>
Total liabilities	<u>492,710</u>	<u>548,635</u>
TOTAL EQUITY AND LIABILITIES	<u>1,058,367</u>	<u>1,124,147</u>
Net assets per share (RM)	0.30	0.31

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 September 2010)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 DECEMBER 2010

	CURRENT YEAR ENDED 31.12.2010 RM'000	PRECEDING YEAR ENDED 31.12.2009 RM'000
(Loss)/Profit before taxation	(9,498)	1,618
Adjustments for :-		
Non-operating items	24,901	10,998
Interest expenses	6,093	4,782
Interest income	(477)	(561)
Operating profit before working capital changes	21,019	16,837
Net change in current assets	9,094	(6,192)
Net change in current liabilities	(17,143)	(6,895)
Tax paid	(418)	(581)
Interest paid	(6,093)	(4,782)
Net cash generated from/ (used in) operating activities	6,459	(1,613)
Investing activities		
Purchase of property, plant and equipment	(46,490)	(25,145)
Proceeds from sales of property, plant and equipment	3,444	2,026
Short term investment	0	(22,000)
Interest received	477	561
Net cash used in investing activities	(42,569)	(44,558)
Financing activities		
Bank borrowings	(40,053)	(18,504)
Proceeds from issuance of rights	0	124,335
Net cash (used in)/generated from financing activities	(40,053)	105,831
Net changes in cash and cash equivalents	(76,163)	59,660
Cash and cash equivalents at beginning of financial period	161,083	165,433
Effects of Exchange Rate Changes	1,219	0
Cash and cash equivalents at end of the financial period	86,139	225,093

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

Cash and bank balances	89,933	225,093
Bank overdraft	(3,794)	0
Cash and cash equivalents	86,139	225,093

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2010

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 DECEMBER 2010

	< ----- Attributable to Equity Holders of the Parent ----- >					< ----- Non-distributable ----- > Distributable			
	Share capital	Warrant reserve	Treasury shares	Share premium	Foreign Exchange reserve	Retained profit	Total Equity	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 MONTHS ENDED 31 DEC 2009									
At 1 OCTOBER 2009	249,489	-	(2,512)	35,008	(2,837)	197,933	477,081	-	477,081
Proceeds from rights issue	85,258	39,077					124,335	-	124,335
Total comprehensive income for the period					587	1,399	1,986	-	1,986
At 31 DECEMBER 2009	<u>334,747</u>	<u>39,077</u>	<u>(2,512)</u>	<u>35,008</u>	<u>(2,250)</u>	<u>199,332</u>	<u>603,402</u>	<u>-</u>	<u>603,402</u>
3 MONTHS ENDED 31 DEC 2010									
At 1 OCTOBER 2010	334,747	39,077	(4,192)	33,371	(30,644)	203,153	575,512	-	575,512
Effects of changes in accounting policies						(20,513)	(20,513)	-	(20,513)
Restated balance	<u>334,747</u>	<u>39,077</u>	<u>(4,192)</u>	<u>33,371</u>	<u>(30,644)</u>	<u>182,640</u>	<u>554,999</u>	<u>-</u>	<u>554,999</u>
Total comprehensive income for the period					1,219	9,439	10,658	-	10,658
At 31 DECEMBER 2010	<u>334,747</u>	<u>39,077</u>	<u>(4,192)</u>	<u>33,371</u>	<u>(29,425)</u>	<u>192,079</u>	<u>565,657</u>	<u>-</u>	<u>565,657</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2010

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 2010.

A limited review on this Quarterly Report has been undertaken by the Company's external auditors.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2010 except for the adoption of Financial Reporting Standards ("FRSs") effective for financial periods beginning 1 October 2010 as follows:

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRSs 'Improvements to FRSs (2009)'
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programs
- IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions
- Amendments to FRS 132: Classification of Rights Issues
- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners
- Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate

Other than the adoption of FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and interpretations did not result in any significant changes in the accounting policies and the presentation of the financial results of the Group.

(a) FRS 101: Presentation of Financial Statements

Arising from adoption of revised FRS101 which separates owner and non-owner changes in equity, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Group has adopted the format of consolidated statement of comprehensive income by presenting all items of income and expense recognised in the income statement, together with all other items of recognized income and

HUBLINE BERHAD
(Company No:23568-H)

expense in one single statement. The adoption of this standard does not have any impact on the financial position and results of the Group.

(b) FRS 139: Financial Instruments: Recognition and Measurement

The Group adopted FRS139 on 1 October 2010 which has resulted in changes to accounting policies related to classification, recognition and measurement of its financial assets and liabilities as discussed below:

Financial assets - Loans and receivables:

Prior to adoption of FRS 139, loans and receivables were stated at cost less allowance for doubtful debts. Under FRS139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Gains and losses arising from the amortisation process, impairment, or derecognition of this financial assets are recognised in income statement.

In accordance with the provision of the standard, the changes are applied prospectively and the comparatives as at 30 September 2010 are not restated. Instead, the opening balances of the financial assets and financial liabilities at 1 October 2010 are restated in accordance with the transitional provisions for first-time adoption of FRS139 as follows:

Group	Before adjustment RM'000	FRS 139 adjustment RM'000	After adjustment RM'000
Trade and other receivables	192,731	(20,513)	172,218
Revenue reserve	(203,153)	20,513	(182,640)

In addition, these changes in accounting policies have the effect of increasing the profit before tax for the current quarter by RM 1.4 million.

A2. Auditors' report on preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 30 September 2010 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 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

	Trading	Shipping & Related Activities	Management Services	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE AND RESULTS					
Revenue					
External sales	35,893	116,344	0		152,237
Inter-segment sales	470	7,881	0	(8,351)	0
Total revenue	<u>36,363</u>	<u>124,225</u>	<u>0</u>	<u>(8,351)</u>	<u>152,237</u>
Results					
Interest income	5	229	257	(14)	477
Finance cost	(17)	(4,713)	(1,349)	(14)	(6,093)
Segment profit/(loss)	<u>1,792</u>	<u>3,247</u>	<u>(94)</u>	<u>(14,443)</u>	<u>(9,498)</u>

A9. 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.

A10. 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.

A11. Changes in composition of the Company

There was no change in the composition of the Group during the current quarter under review except on 10th November 2010, the Company incorporated a subsidiary company known as Hubline Asia Sdn Bhd with a paid up capital of RM2.

A12. 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>92,212</u>

A13 Capital Commitment

	RM
Amount approved and committed	19.9 million
Amount approved and not committed	<u>18.3 million</u>
Total	<u>38.2 million</u>

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

Group revenue for the first quarter ended 31 December 2010 at RM 152 million is about RM 15 million higher compared with the previous year corresponding period of RM 137 million. The increase in revenue was mainly due to the increased volume of coal traded and transported in the first quarter.

B2. Comparison with preceding quarter's results

The Group recorded a pre-tax loss of RM 9.5 million in the first quarter compared to the pre-tax profit of RM 2.9 million in the previous quarter. The variance was due mainly to the provision for impairment of RM 9.1 million on property plant and equipment, and the marked to market provision of RM 6.9 million on investment which were included in administrative expenses.

B3. Commentary on Prospects

The general outlook for both the container shipping business and dry-bulk markets is expected to be challenging in view of the uncertainty in the global economy. The Board and the management have taken 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

	Quarter ended 31 December 2010 RM'000	Year to date 31 December 2010 RM'000
Income tax charge		
- current period	(651)	(651)
Deferred taxation	19,588	19,588
	<u>18,937</u>	<u>18,937</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.

During the quarter, the Group recognised deferred tax assets ("DTAs") of RM 19.5 million as it anticipates being able to utilise these DTAs in respect of its non-tax exempt shipping operations.

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 2010 are as follows:-

	RM'000
<u>Quoted Shares</u>	
At cost	24,573
At book value	5,123
At market value	5,123

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	139,842
- unsecured	72,051
Total	<u>211,893</u>
Long term borrowings :	
- secured	147,089
- unsecured	90,499
Total	<u>237,588</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 31.12.2010	Quarter Ended 31.12.2009	Year to Date ended 31.12.2010	Year to Date ended 31.12.2009
Net profit attributable to equity holders of the parent (RM'000)	9,439	1,399	9,439	1,399
Weighted average no. of ordinary shares ('000)	1,855,523	1,665,509	1,855,523	1,665,509
Basic earnings per share attributable to equity holders of the parent (sen)	0.51	0.08	0.51	0.08

(b) Diluted

The diluted earnings per share is calculated by dividing the net profit for the quarter/year by the weighted average number of ordinary shares in issue during the current quarter and the cumulative one quarter respectively, which has been adjusted for the number of ordinary shares that could have been converted from the warrants issued by the Company.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31.12.2010	Quarter Ended 31.12.2009	Year to Date ended 31.12.2010	Year to Date ended 31.12.2009
Net profit attributable to equity holders of the parent (RM'000)	9,439	1,399	9,439	1,399
Weighted average no. of ordinary shares ('000)	1,855,523	1,665,509	1,855,523	1,665,509
Effect of dilution - Warrants ('000)	56,516	16,302	56,516	16,302
Adjusted weighted average no. of ordinary shares ('000)	1,912,039	1,681,811	1,912,039	1,681,811
Diluted earnings per share attributable to equity holders of the parent (sen)	0.49	0.08	0.49	0.08

HUBLINE BERHAD
(Company No:23568-H)

B16. Realised and unrealised profits/losses

	Current Quarter 31.12.2010 RM'000	Preceding Quarter 30.09.2010 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	207,064	278,029
- Unrealised	12,639	(35,272)
	<u>219,703</u>	<u>242,757</u>
Total share of retained profits from associate		
- Realised	(29,033)	(24,729)
- Unrealised	-	(4,304)
	<u>(29,033)</u>	<u>(29,033)</u>
Less: Consolidation adjustments	1,409	(10,571)
Retained profits as per financial statements	<u>192,079</u>	<u>203,153</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 2011.