

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2011

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 DECEMBER 2011**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.11 RM '000	Preceding Year Quarter Ended 31.12.10 RM '000	Current Year To Date 31.12.11 RM '000	Preceding Year To Date 31.12.10 RM '000
Revenue	115,098	152,237	115,098	152,237
Operating Expenses	(100,827)	(133,553)	(100,827)	(133,553)
	<u>14,271</u>	<u>18,684</u>	<u>14,271</u>	<u>18,684</u>
Other Operating Income	4,520	1,961	4,520	1,961
Administrative Expenses	(9,405)	(8,030)	(9,405)	(8,030)
Other Expenses	-	(16,020)	-	(16,020)
Finance Cost	(6,688)	(6,093)	(6,688)	(6,093)
Profit/ (Loss) before taxation	<u>2,698</u>	<u>(9,498)</u>	<u>2,698</u>	<u>(9,498)</u>
Taxation	(322)	18,937	(322)	18,937
Profit/ (Loss) for the period	<u>2,376</u>	<u>9,439</u>	<u>2,376</u>	<u>9,439</u>
Other comprehensive income:				
Currency translation differences	245	1,219	245	1,219
Net (Loss)/Gain on available for sale financial assets	(49)	-	(49)	-
Total Comprehensive income for the period	<u>2,572</u>	<u>10,658</u>	<u>2,572</u>	<u>10,658</u>
Profit attributable to: Equity holders of the parent	<u>2,376</u>	<u>9,439</u>	<u>2,376</u>	<u>9,439</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>2,572</u>	<u>10,658</u>	<u>2,572</u>	<u>10,658</u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.13	0.50	0.13	0.50
Diluted	N/A	0.49	N/A	0.49

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 September 2011)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	AS AT END OF CURRENT QUARTER 31.12.2011 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 30.09.2011 RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	569,587	583,154
Prepaid Land Lease Payments	10,682	10,709
Intangible assets	87,044	87,243
Available for Sale Investments	3,921	4,003
Investments in Associates	1	1
Deferred tax assets	19,810	19,871
	<u>691,045</u>	<u>704,981</u>
Current Assets		
Inventories	28,069	31,420
Trade receivables	134,555	131,322
Other receivables	66,362	63,181
Tax recoverable	7,142	7,719
Cash and bank balances	52,464	124,418
	<u>288,592</u>	<u>358,060</u>
TOTAL ASSETS	<u>979,637</u>	<u>1,063,041</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	156,468	153,896
Total equity	<u>487,023</u>	<u>484,451</u>
Non-current liabilities		
Long term borrowings	162,572	296,018
Deferred tax liabilities	12,387	12,329
	<u>174,959</u>	<u>308,347</u>
Current Liabilities		
Short term borrowings	271,279	221,687
Trade payables	15,532	23,549
Other payables	30,432	24,654
Taxation	412	353
	<u>317,655</u>	<u>270,243</u>
Total liabilities	<u>492,614</u>	<u>578,590</u>
TOTAL EQUITY AND LIABILITIES	<u>979,637</u>	<u>1,063,041</u>
Net assets per share (RM)	0.26	0.26

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 September 2011)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2011

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 DECEMBER 2011**

	CURRENT YEAR TO DATE ENDED 31.12.2011 RM'000	PRECEDING YEAR TO DATE ENDED 31.12.2010 RM'000
Profit/ (Loss) before taxation	2,698	(9,498)
Adjustments for :-		
Non-operating items	10,385	24,901
Interest expenses	6,688	6,093
Interest income	(546)	(477)
Operating profit before working capital changes	19,225	21,019
Net change in current assets	(2,310)	9,094
Net change in current liabilities	(2,239)	(17,143)
Tax paid	(322)	(418)
Interest paid	(6,688)	(6,093)
Net cash generated from/ (used in) operating activities	7,666	6,459
Investing activities		
Purchase of property, plant and equipment	(11,528)	(46,490)
Proceeds from sales of property, plant and equipment	15,572	3,444
Interest received	546	477
Net cash (used in)/generated from investing activities	4,590	(42,569)
Financing activities		
Bank borrowings	(82,692)	(40,053)
Net cash (used in)/generated from financing activities	(82,692)	(40,053)
Net changes in cash and cash equivalents	(70,436)	(76,163)
Cash and cash equivalents at beginning of financial period	120,530	161,083
Effects of Exchange Rate Changes	(356)	1,219
Cash and cash equivalents at end of the financial period	49,738	86,139

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

Cash and bank balances	52,464	89,933
Bank overdraft	(2,726)	(3,794)
Cash and cash equivalents	49,738	86,139

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2011)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2011

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 DECEMBER 2011

	< ----- 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				
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	334,747	39,077	(4,192)	33,371	(30,644)	182,640	554,999	-	554,999	
Total comprehensive income for the period					1,219	9,439	10,658	-	10,658	
At 31 DECEMBER 2010	334,747	39,077	(4,192)	33,371	(29,425)	192,079	565,657	-	565,657	
3 MONTHS ENDED 31 DEC 2011										
At 1 OCTOBER 2011	334,747	39,077	(4,192)	33,371	(29,609)	111,057	484,451	-	484,451	
Total comprehensive income for the period					196	2,376	2,572	-	2,572	
At 31 DECEMBER 2011	334,747	39,077	(4,192)	33,371	(29,413)	113,433	487,023	-	487,023	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2011

NOTES TO THE INTERIM FINANCIAL REPORT – FRS 134

A1. Basis of preparation

The Interim Financial Report of the Group 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 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 September 2011.

A2. Changes in accounting policies

The significant accounting policies adopted in this Interim Financial Report are consistent with those of the audited financial statements for the year ended 30 September 2011 except for the adoption of Financial Reporting Standards (“FRSs”) effective for financial periods beginning 1 October 2011 as follows:

- Amendments to FRS 1: Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled share-based Payment Transactions
- Amendments to FRS 3: Business Combinations (Revised)
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Improvements to FRS issued in 2010
- IC Interpretation 4: Determining whether an Arrangement Contains a Lease
- IC Interpretation 18: Transfers of Assets from Customers
- TR 3: Guidance on Disclosure of Transition to IFRSs
- TR i – 4: Shariah Compliant Sale Contracts
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

The application of the above Amendments to FRSs, Interpretations, and Amendments to interpretations did not result in any significant changes in the accounting policies and the presentation of the financial results of the Group.

A3. Auditors’ report on preceding Annual Financial Statements

The auditors’ report on the Group’s financial statements for the year ended 30 September 2011 was not qualified.

A4. Seasonality or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A5. Exceptional items

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

A6. Changes in estimates

There were no changes in the estimates of amounts, which give a material effect in the current interim period.

A7. Debts and equity securities

There were no issuances, cancellations, repurchases, resale of debts and equity securities during the financial period under review.

HUBLINE BERHAD
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A8. Dividend

No dividends have been declared or paid for the current financial period to date.

A9. Segmental Information

	Trading	Shipping & Related Activities	Elimination	Group
	RM'000	RM'000	RM'000	RM'000
REVENUE AND RESULTS				
Revenue				
External sales	165	114,933		115,098
Inter-segment sales	585		(585)	
Total revenue	750	114,933	(585)	115,098
Results				
Interest income	1	545		546
Finance cost		(6,688)		(6,688)
Segment (loss)/profit before taxation	(291)	2,989		2,698

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

As a result of the Private Placement discussed in section B8 of this document, nine tranches of placements have been fully subscribed. Please refer to section B8 for details of this event.

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>93,144</u>

A14. Capital Commitment

	RM
Amount approved and committed	2.0 million
Amount approved and not committed	<u>NIL</u>
Total	<u>2.0 million</u>

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

Group revenue for the first quarter ended 31 December 2011 was RM 115 million. This amount was approximately RM 37 million lower compared with the previous year corresponding period of RM 152 million. The decrease in revenue was mainly due to reduction in coal traded of RM 36 million.

B2. Comparison with preceding quarter's results

The Group recorded a pre-tax profit of RM 2.7 million this quarter compared to the pre-tax loss of RM 88.24 million in the previous quarter. The variance was due mainly to the losses on sale of property, plant and equipment and the provision for impairment for property, plant and equipment and receivables, taken up in the last quarter, totaling RM 77.2 million.

B3. Commentary on Prospects

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

	Quarter ended 31 December 2011 RM'000	Year to date 31 December 2011 RM'000
Income tax charge		
- current period	(204)	(204)
Deferred taxation	(118)	(118)
	<u>(322)</u>	<u>(322)</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 2011 are as follows:-

	RM'000
<u>Quoted Shares</u>	
At cost	24,573
At book value	3,921
At market value	3,921

B8. Status of corporate proposals

In the previous quarter, the Group announced a proposal to undertake a Private Placement of ordinary shares of RM0.20 each in Hubline representing up to 16.45% of the existing issued and paid up share capital in the Company together with free detachable warrants in Hubline on the basis of three (3) free warrants for every two (2) Placement Shares subscribed.

The proposed private placement had been approved by shareholders at the extraordinary meeting held on 20th January 2012.

As at 27 February 2012, a total allotment and issue of 130,000,000 Placement Shares with 195,000,000 Additional Warrants have been successfully subscribed.

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	186,100
- unsecured	85,179
Total	<u>271,279</u>
Long term borrowings :	
- secured	98,216
- unsecured	64,356
Total	<u><u>162,572</u></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 31.12.2011	Quarter Ended 31.12.2010	Year to Date ended 31.12.2011	Year to Date ended 31.12.2010
Net profit attributable to equity holders of the parent (RM'000)	2,376	9,349	2,376	9,349
Weighted average no. of ordinary shares ('000)	1,855,523	1,855,523	1,855,523	1,855,523
Basic earnings per share attributable to equity holders of the parent (sen)	0.13	0.50	0.13	0.50

(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 31.12.2011 RM'000	Preceding Quarter 30.09.2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	24,335	170,183
- Unrealised	9,546	(23,065)
	<u>33,881</u>	<u>147,118</u>
Total share of retained profits from associate		
- Realised	(30,187)	(24,729)
- Unrealised	-	(4,303)
	<u>(30,187)</u>	<u>(29,033)</u>
Less: Consolidation adjustments	109,739	(7,028)
Retained profits as per financial statements	<u>113,433</u>	<u>111,057</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 2012.