

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 March 2012

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2012**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.03.12 RM '000	Preceding Year Quarter Ended 31.03.11 RM '000	Current Year To Date 31.03.12 RM '000	Preceding Year To Date 31.03.11 RM '000
Revenue	121,699	164,519	236,797	316,756
Operating Expenses	(104,545)	(144,180)	(205,373)	(277,733)
	<u>17,154</u>	<u>20,339</u>	<u>31,424</u>	<u>39,023</u>
Other Operating Income	877	5,456	5,397	7,417
Administrative Expenses	(8,508)	(15,325)	(17,912)	(39,375)
Finance Cost	(6,471)	(5,691)	(13,159)	(11,784)
Profit/ (Loss) before taxation	<u>3,052</u>	<u>4,779</u>	<u>5,750</u>	<u>(4,719)</u>
Taxation	(301)	(38)	(623)	18,899
Profit/ (Loss) for the period	<u><u>2,751</u></u>	<u><u>4,741</u></u>	<u><u>5,127</u></u>	<u><u>14,180</u></u>
Other comprehensive income:				
Currency translation differences	795	(4,224)	1,040	(3,005)
Net (Loss)/Gain on available for sale financial assets	622		573	
Total Comprehensive income for the period	<u><u>4,168</u></u>	<u><u>517</u></u>	<u><u>6,740</u></u>	<u><u>11,175</u></u>
Profit attributable to: Equity holders of the parent	<u>2,751</u>	<u>4,741</u>	<u>5,127</u>	<u>14,180</u>
Total comprehensive income attributable to: Equity holders of the parent	<u><u>4,168</u></u>	<u><u>517</u></u>	<u><u>6,740</u></u>	<u><u>11,175</u></u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.14	0.26	0.26	0.76
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 2011)

HUBLINE BERHAD
(Company No:23568-H)

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This is a quarterly report on consolidated results for the financial quarter ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	AS AT END OF CURRENT QUARTER 31.03.2012 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 30.09.2011 RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	577,560	583,154
Prepaid Land Lease Payments	10,654	10,709
Intangible assets	86,890	87,243
Available for Sale Investments	4,370	4,003
Investments in Associates	1	1
Deferred tax assets	19,815	19,871
	<u>699,290</u>	<u>704,981</u>
Current Assets		
Inventories	31,626	31,420
Trade receivables	135,608	131,322
Other receivables	62,877	63,181
Tax recoverable	3,816	7,719
Cash and bank balances	60,789	124,418
	<u>294,716</u>	<u>358,060</u>
TOTAL ASSETS	<u>994,006</u>	<u>1,063,041</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	358,372	334,747
Treasury shares	(4,192)	(4,192)
Reserves	173,188	153,896
Total equity	<u>527,368</u>	<u>484,451</u>
Non-current liabilities		
Long term borrowings	178,165	296,018
Deferred tax liabilities	12,355	12,329
	<u>190,520</u>	<u>308,347</u>
Current Liabilities		
Short term borrowings	242,802	221,687
Trade payables	15,056	23,549
Other payables	17,694	24,654
Taxation	566	353
	<u>276,118</u>	<u>270,243</u>
Total liabilities	<u>466,638</u>	<u>578,590</u>
TOTAL EQUITY AND LIABILITIES	<u>994,006</u>	<u>1,063,041</u>
Net assets per share (RM)	0.27	0.26

(The Condensed Consolidated Balance Sheets 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

This is a quarterly report on consolidated results for the financial quarter ended 31 March 2012

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2012**

	CURRENT YEAR TO DATE ENDED 31.03.2012 RM'000	PRECEDING YEAR TO DATE ENDED 31.03.2011 RM'000
Profit/ (Loss) before taxation	5,750	(4,719)
Adjustments for :-		
Interest expenses	13,159	11,784
Interest income	(687)	(468)
Other Non-operating items	22,051	37,090
Operating profit before working capital changes	40,273	43,687
Net change in current assets	(4,659)	5,797
Net change in current liabilities	(15,452)	(6,718)
Tax (paid)/ refunded	3,673	(1,035)
Interest paid	(13,159)	(11,784)
Net cash generated from/ (used in) operating activities	10,676	29,947
Investing activities		
Purchase of property, plant and equipment	(34,154)	(80,379)
Proceeds from sales of property, plant and equipment	17,557	5,788
Interest received	687	468
Net cash (used in)/generated from investing activities	(15,910)	(74,123)
Financing activities		
Proceeds from Private Placement	36,300	0
Private Placement expenses	(123)	0
Bank borrowings	(98,812)	(32,938)
Net cash (used in)/generated from financing activities	(62,635)	(32,938)
Net changes in cash and cash equivalents	(67,869)	(77,114)
Cash and cash equivalents at beginning of financial period	120,530	161,083
Effects of Exchange Rate Changes	2,165	(3,005)
Cash and cash equivalents at end of the financial period	54,826	80,964

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

Cash and bank balances	60,789	84,589
Bank overdraft	(5,963)	(3,625)
Cash and cash equivalents	54,826	80,964

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

HUBLINE BERHAD
(Company No:23568-H)

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This is a quarterly report on consolidated results for the financial quarter ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2012

	< ----- Attributable to Equity Holders of the Parent ----- >					Retained profit RM'000	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				
6 MONTHS ENDED 31 MAR 2011									
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					(3,005)	14,180	11,175	-	11,175
At 31 MARCH 2011	334,747	39,077	(4,192)	33,371	(33,649)	196,820	566,174	-	566,174
6 MONTHS ENDED 31 MAR 2012									
At 1 OCTOBER 2011	334,747	39,077	(4,192)	33,371	(29,609)	111,057	484,451	-	484,451
Private placement proceeds	23,625	12,675					36,300		36,300
Private placement expenses				(123)			(123)		(123)
Total comprehensive income for the period					1,613	5,127	6,740	-	6,740
At 31 MARCH 2012	358,372	51,752	(4,192)	33,248	(27,996)	116,184	527,368	-	527,368

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 debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares 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	231	236,566		236,797
Inter-segment sales	1,222		(1,222)	
Total revenue	1,453	236,566	(1,222)	236,797
Results				
Interest income	1	686		687
Finance cost	(1)	(13,158)		(13,159)
Segment (loss)/profit before taxation	132	5,618		5,750

A10. Profit before Tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.03.12 RM '000	Preceding Year Quarter Ended 31.03.11 RM '000	Current Year To Date 31.03.12 RM '000	Preceding Year To Date 31.03.11 RM '000
Interest income	141	78	687	468
Other income	527	4,678	1,940	6,107
Foreign exchange gains/(losses) (net)	34	700	907	842
Gain/(Loss) on disposal of property, plant and equipment	529	955	823	(7,718)
Depreciation and amortisation	(11,336)	(11,496)	(21,943)	(23,470)
Provision for impairment on trade and non trade receivables	(124)	(1,848)	(124)	(2,716)
Impairment loss on investments/ associates	-	(1,175)	-	(6,875)

A11. 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.

A12. Subsequent material events

As a result of the Private Placement discussed in section B8 of this document, 17 tranches of placements have been fully subscribed. Please refer to section B8 for details of this event.

HUBLINE BERHAD
(Company No:23568-H)

A13. Changes in composition of the Company

There was no change in the composition of the Group during the current quarter under review.

A14. 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>93,202</u>
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A15. 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 second quarter ended 31 March 2012 was RM 122 million. This amount was approximately RM 42 million lower when compared with the previous year corresponding period of RM 164 million.

The decrease in revenue was mainly due to reduction in sales from coal trading, which contributed approximately RM 30 million to sales for the quarter ended 31 March 2011. The turnover for the shipping division came down by RM 13 million mainly due to the stoppage of three vessels for maintenance to take advantage of the lunar New Year festive season holidays.

Group revenue for the six months ended 31 March 2012 was RM 237 million. This amount was approximately RM 80 million lower compared with the previous year corresponding period of RM 317 million.

The six month impact on the reduction in the trading division amounted to RM 66 million. Furthermore, the reduction of revenue from shipping division amounted to RM 14 million of which RM 13 million occurred in the second quarter as explained above.

Cost management continues to be a major focus of the Group, with cost pressures continuing to challenge the Group with rising labour and bunker costs.

B2. Comparison with preceding quarter's results

The pre-tax profit of RM 3 million recorded in the second quarter remained flat compared to the pre-tax profit of RM 2.7 million recorded in the preceding quarter.

B3. Commentary on Prospects

The general economic conditions for both the containerised shipping and dry-bulk sectors are expected to remain challenging in view of uncertainty stemming from the Eurozone crisis which negatively impact global trade patterns. Furthermore, freight rates in general are expected to remain challenged by the excessive supply of shipping services in the trade routes which the Group operates in.

The Group shall continue to review its operations with the objective of containing costs and maximising exposure to higher yielding, higher volume trade routes. Furthermore, the Group shall continue in its expansion to targeted Asian markets and Papua New Guinea.

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 March 2012 RM'000	Year to date 31 March 2012 RM'000
Income tax charge		
- current period	(338)	(542)
Deferred taxation	37	(81)
	<u>(301)</u>	<u>(623)</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 March 2012 are as follows:-

<u>Quoted Shares</u>	RM '000
At cost	24,573
At book value	4,370
At market value	4,370

B8. Status of corporate proposals

In September 2011, 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 was approved by shareholders at the extraordinary meeting held on 20 January 2012.

This Private Placement exercise was fully completed on 30 May 2012. A total of 305,233,400 Placement Shares together with 457,850,100 Additional Warrants were issued at an issue price of RM 0.20 per Placement Share, raising a total of RM 61,046,680 for the company.

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	156,025
- unsecured	86,777
Total	<u>242,802</u>
Long term borrowings :	
- secured	118,800
- unsecured	59,365
Total	<u>178,165</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 31.03.2012	Quarter Ended 31.03.2011	Year to Date ended 31.03.2012	Year to Date ended 31.03.2011
Net profit attributable to equity holders of the parent (RM'000)	2,751	4,741	5,127	14,180
Weighted average no. of ordinary shares ('000)	1,939,974	1,855,523	1,967,270	1,855,523
Basic earnings per share attributable to equity holders of the parent (sen)	0.14	0.26	0.26	0.76

(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 31.03.2012 RM'000	Preceding Quarter 31.12.2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	26,988	24,335
- Unrealised	9,795	9,546
	<u>36,783</u>	<u>33,881</u>
Total share of retained profits from associate		
- Realised	(30,187)	(30,187)
- Unrealised	-	-
	<u>(30,187)</u>	<u>(30,187)</u>
Less: Consolidation adjustments	109,588	109,739
Retained profits as per financial statements	<u>116,184</u>	<u>113,433</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 31 May 2012.