Unless otherwise stated, all terms and abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your Hubline Shares, you should immediately hand the Documents (as defined herein) to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue with Warrants to Hubline's Share Registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 22 November 2018 at their registered addresses in Malaysia or who have provided our Share Registrar with registered address in Malaysia in writing on or before 5.00 p.m. on 22 November 2018. The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue with Warrants is not intended to be (and will not be) made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. Persons receiving the Documents (including without limitation, custodians, nominees and trustees) must not, in connection with the Rights Issue with Warrants, offer, distribute or send the Documents outside of Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue with Warrants to which the Documents relate is only available to persons receiving the Documents within Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue with Warrants in any jurisdictions other than Malaysia or to any person whom it may be unlawful to make such an offer, solicitation or invitation. Our Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants would result in a contravention of any laws of such countries or jurisdictions. Neither our Company, Kenanga IB nor our other professional advisers to the Rights Issue with Warrants shall accept any responsibility or liability whatsoever if any acceptance and/or renunciation (as the case may be) made by our Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, is or shall become illegal, unenforceable, voidable or void in any such country or jurisdiction. For further information, see "Laws of foreign jurisdictions" as set out in Section 10.8 of this Abridged Prospectus.

A copy of this Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents have also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents.

The approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM held on 23 October 2018. The approval for the admission of the Warrants C to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants C, and the new Hubline Shares to be issued pursuant to the exercise of the Warrants C on the Main Market of Bursa Securities has been obtained from Bursa Securities vide its letter dated 3 October 2018. The admission of the Warrants C to the Official List and the listing of and quotation for all the said securities are in no way reflective of the merits of the Rights Issue with Warrants. Neither Bursa Securities nor the SC takes any responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for all the said securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the successful Entitled Shareholders and/or their renounces/transferees, if applicable, have been duly credited and notices of allotment have been despatched to them.

Our Board has seen and approved all the documentation relating to the Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

Kenanga IB, being the Principal Adviser and the Underwriter for the Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.

HUBLine

HUBLINE BERHAD
(Company No. 23568-H)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,417,256,368 NEW ORDINARY SHARES IN HUBLINE BERHAD ("HUBLINE") ("RIGHTS SHARE(S)") ON THE BASIS OF 3 RIGHTS SHARES FOR EVERY 5 ORDINARY SHARES HELD IN HUBLINE ("HUBLINE SHARE(S)"), TOGETHER WITH UP TO 944,837,579 FREE DETACHABLE NEW WARRANTS ("WARRANT(S) C") ON THE BASIS OF 2 WARRANTS C FOR EVERY 3 RIGHTS SHARES SUBSCRIBED FOR, AS AT 5.00P.M. ON THURSDAY, 22 NOVEMBER 2018 AT AN ISSUE PRICE OF RM0.0370 PER RIGHTS SHARE ("RIGHTS ISSUE WITH WARRANTS")

Principal Adviser and Underwriter

kenanga

Kenanga Investment Bank Berhad
Company No. 15678-H

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	:	Thursday, 22 November 2018, at 5.00 pm
Last date and time for the:		
Sale of Provisional Rights Shares with Warrants C	:	Thursday, 29 November 2018, at 5.00 pm
Transfer of Provisional Rights Shares with Warrants C		Tuesday, 4 December 2018, at 4.00 pm
Acceptance and payment	:	Friday, 7 December 2018, at 5.00 pm
Excess application and payment	:	Friday, 7 December 2018, at 5.00 pm

This Abridged Prospectus is dated 22 November 2018

Company No. 23568-H

UNLESS OTHERWISE STATED, ALL TERMS AND ABBREVIATIONS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS C TO THE OFFICIAL LIST OF THE MAIN MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS C AND THE NEW HUBLINE SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE WARRANTS C ON THE MAIN MARKET OF BURSA SECURITIES. THE APPROVAL FROM BURSA SECURITIES SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS FOR THE RIGHTS ISSUE WITH WARRANTS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SHARES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SHARES IN ANY OTHER COUNTRIES OR JUSRISDICTIONS OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND ARE PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE, OUR ADVISER AND OTHER PROFESSIONAL ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:

"Abridged Prospectus"	:	This abridged prospectus dated 22 November 2018 in relation to the Rights Issue with Warrants
"ACF"	:	Advance Credit Fund SPC (MC-326090)
"ACPAM"	:	Advance Capital Partners Asset Management Pte Ltd (201315111M)
"Act"	:	Companies Act, 2016 as amended from time to time and any re-enactment thereof
"Additional Undertaking(s)"	:	Irrevocable undertaking(s) from Absolute Privilege Sdn Bhd, Advance Opportunities Fund I, Kong Leh Ping, Lanacove Sdn Bhd, Tan Sze Seng and Trillion Mall Sdn Bhd to subscribe for additional Rights Shares in the event there are Rights Shares not subscribed by other Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable
"Additional Warrant(s) A"	:	Additional new Warrant(s) A to be issued pursuant to the adjustments in accordance with the provision of the Deed Poll A as a result of the Rights Issue with Warrants, if any
"Additional Warrant(s) B"	:	Additional new Warrant(s) B to be issued pursuant to the adjustments in accordance with the provision of the Deed Poll B as a result of the Rights Issue with Warrants, if any
"Announcement"	:	Announcement of the Corporate Exercises dated 27 July 2018
"AOF I"	:	Advance Opportunities Fund I (308364)
"Bloomberg"	:	Bloomberg Finance Singapore L.P.
"Board"	:	Board of Directors of Hubline
"BNDM"	:	BNDM Incorporated Holdings Sdn Bhd (435833-X)
"BPSB"	:	Billion Power Sdn Bhd (236464-V)
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CDS"	:	Central Depository System
"CDS Account(s)"	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depository) Act 1991 and the Rules of Bursa Depository for the recording of depositors of securities and dealings in such securities by the depositors
"CMSA"	:	The Capital Markets and Services Act, 2007 and includes any amendments thereto from time to time
"Conversion Shares"	:	New Hubline Shares to be issued pursuant to the conversion of the Notes at the conversion terms and conditions as set out in the Subscription Agreement.
"Corporate Exercises"	:	The Rights Issue with Warrants and Notes Issue, collectively

"Deed Poll A"	:	Deed poll dated 28 September 2009 constituting Warrants A and the supplemental deed polls dated 20 January 2012, 3 September 2012, 8 February 2017 that are issued by the Company in relation to Warrants A
"Deed Poll B"	:	Deed poll dated 12 November 2015 constituting Warrants B and the supplemental deed poll dated 8 February 2017 that are issued by the Company in relation to Warrants B
"Deed Poll C"	:	The deed poll constituting the Warrants C dated 7 November 2018
"Director(s)"	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, within the meaning of Section 2 of the Act and Section 2(1) of the CMSA
"DLLK"	:	Dennis Ling Li Kuang
"Documents"	:	This Abridged Prospectus together with the NPA and RSF
"EGM"	:	Extraordinary General Meeting
"Entitled Shareholders"	:	Our shareholders who are registered as a member and whose names appear on our Company's Record of Depositors as at the close of business on the Entitlement Date
"Entitlement Date"	:	At 5.00 p.m. on Thursday, 22 November 2018 being the date and time on which our Entitled Shareholders must be registered as a member and whose names appear in the Record of Depositors in order to participate in the Rights Issue with Warrants
"Entitlement Undertaking(s)"	:	Irrevocable undertaking(s) from the Undertaking Shareholders that they will subscribe in full for their respective Rights Shares entitlements under the Rights Issue with Warrants
"EPS"	:	Earnings per Hubline Share
"Excess Application"	:	Application for excess Rights Shares of our Entitled Shareholders' and/or their renouncee(s)' or transferee(s)' entitlements under the Rights Issue with Warrants C, the procedures of which are set out in Section 10.5 of this Abridged Prospectus
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending, as the case may be
"Hubline" or the "Company"	:	Hubline Berhad (23568-H)
"Hubline Group" or the "Group"	:	Hubline and its subsidiary companies, collectively
"Hubline Share(s)"	:	Ordinary shares in Hubline
"IBZ"	:	IBZ Corporation Sdn Bhd (771450-T)
"Kenanga IB" or the "Principal Adviser" or the "Underwriter"	:	Kenanga Investment Bank Berhad
"LAT"	:	Loss after tax
"LBT"	:	Loss before tax

"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	5 November 2018, being the latest practicable date prior to the registration of this Abridged Prospectus by the SC
"Market Day"	:	A day on which Bursa Securities is open for trading in securities by the SC
"Minimum Conversion Price"	:	RM0.05, being the minimum conversion price for the Notes to be converted into Conversion Shares
"MFRS"	:	Malaysian Financial Reporting Standards
"N/A"	:	Not applicable
"NA"	:	Net assets
"Notes"	:	Redeemable convertible notes
"Notes Issue"	:	Issuance of Notes with an aggregate principal amount of up to RM200.0 million by Hubline, which was approved by our shareholders at the EGM held on 23 October 2018
"NPA"	:	Notice of provisional allotment in relation to the Rights Issue with Warrants
"Official List"	:	A list specifying all securities listed which have been admitted for listing on the Main Market of Bursa Securities and not removed
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Price-Fixing Date"	:	31 October 2018, being the date on which the issue price of the Rights Shares was determined and announced by our Company
"Provisional Rights Shares with Warrants C"	:	Rights Shares with Warrants C provisionally allotted to our Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, pursuant to the Rights Issue with Warrants
"Record of Depositors"	:	A record consisting of names of depositors established by Bursa Depository under the Rules of Bursa Depository
"Rights Issue with Warrants"	:	Renounceable rights issue of up to 1,417,256,368 Rights Shares on the basis of 3 Rights Shares for every 5 Hubline Shares, together with up to 944,837,579 Warrants C on the basis of 2 Warrants C for every 3 Rights Shares subscribed on the Entitlement Date
"Rights Shares"	:	Up to 1,417,256,368 new Hubline Shares to be issued pursuant to the Rights Issue with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
"RSF"	:	Rights subscription form in relation to the Rights Issue with Warrants
"Rules"	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions
"RWLH"	:	Dato' Richard Wee Liang Huat @ Richard Wee Liang Chiat

DEFINITIONS (*CONT'D*)

"Rules of Bursa Depository"	:	Rules of Bursa Depository as issued pursuant to the SICDA
"SC"	:	Securities Commission of Malaysia
"Share Registrar"	:	Securities Services (Holdings) Sdn Bhd
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time and any re-enactment thereof
"Subscribers"	:	ACF and AOF I
"Subscription Agreement"	:	A condition subscription agreement dated 27 July 2018 entered between Hubline, the Subscribers and ACPAM in relation to the Notes Issue
"TERP"	:	Theoretical ex-rights price
"Tranche 1 Notes"	:	Tranche 1 of RM40.0 million comprising 20 equal sub-tranches of RM2,000,000 each in relation to the Notes Issue
"Tuan Haji Ibrahim"	:	Tuan Haji Ibrahim bin Haji Baki
"Undertakings"	:	Entitlement Undertakings and Additional Undertakings, collectively
"Undertaking Shareholders"	:	Substantial shareholders of Hubline, namely BPSB, BNDM, DLLK, Tuan Haji Ibrahim, IBZ Corporation Sdn. Bhd. and RWLH, and certain other shareholders of Hubline, namely Absolute Privilege Sdn Bhd, Advance Opportunities Fund I, Kong Leh Ping, Lanacove Sdn Bhd, Tan Sze Seng and Trillion Mall Sdn Bhd
"Underwriting Agreement"	:	The underwriting agreement dated 7 November 2018 entered into between our Company and the Underwriter in relation to the Rights Issue with Warrants
"USD"	:	United States Dollar
"VWAP"	:	Volume weighted average market price
"Warrant(s) A"	:	93,724,014 outstanding warrants 2009/2019 as at the LPD, issued by Hubline as constituted by the Deed Poll A. Each Warrant A provides the right to the holder of the warrant to subscribe for 1 new Hubline Share during the 5-year exercise period of the Warrants A up to 4 November 2019 at an exercise price of RM3.20 per Warrant A.
"Warrant(s) B"	:	153,953,869 outstanding warrants 2015/2020 as at the LPD, issued by Hubline as constituted by the Deed Poll B. Each Warrant B provides the right to the holder of the warrant to subscribe for 1 new Hubline Share during the 5-year exercise period of the Warrants B up to 20 December 2020 at an exercise price of RM0.20 per Warrant B.
"Warrant(s) C"	:	Up to 944,837,579 free detachable new Warrants 2018/2023 to be issued pursuant to the Rights Issue with Warrants

All references to "**our Company**" and/or "**Hubline** in this Abridged Prospectus are made to Hubline Berhad and references to "**our Group**" and/or "**Hubline Group**" are to Hubline and our subsidiaries companies. All references to "**we**", "**us**" "**our**" and "**ourselves**" are made to our Company, and/or where the context requires, shall include our subsidiaries. All reference to "you" and "your" in this Abridged Prospectus are made to our Entitled Shareholders and/or where the context otherwise requires, their renouncee(s) and/or transferee(s), where applicable.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day or date in this Abridged Prospectus shall be a reference to Malaysian time and date, unless otherwise specified.

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TABLE OF CONTENTS

TABLE OF CONTENTS (*CONT'D*)

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Age	Address	Nationality	Profession
Tuan Haji Ibrahim Bin Haji Baki *(Executive Chairman)*	59	74A, Jalan Muhibbah 93400 Kuching Sarawak	Malaysian	Company Director
Dato' Richard Wee Liang Huat @ Richard Wee Liang Chiat *(Non-Executive Vice Chairman)*	59	No. 33, Jalan Ong Hup Leong 93200 Kuching Sarawak	Malaysian	Company Director
Dennis Ling Li Kuang *(Chief Executive Officer/Managing Director)*	65	No. 65, Jalan Tabuan 93200 Kuching Sarawak	Malaysian	Company Director
Katrina Ling Shiek Ngee *(Executive Director/Chief Financial Officer)*	39	No. 65, Jalan Tabuan 93200 Kuching Sarawak	Malaysian	Company Director
Bobby Lim Chye Huat *(Independent Non-Executive Director)*	72	28 Bedok Avenue Off Jalan Haji Salam 469939 Singapore	Singaporean	Company Director
Lai Lian Yee *(Independent Non-Executive Director)*	69	29 Jalan Hua Joo Park, Lorong 8, 93200 Kuching Sarawak	Malaysian	Company Director
Peter Chin Mui Khiong *(Independent Non-Executive Director)*	64	30 Green Heights Lorong 2A Jalan Lapangan Terbang 93250 Kuching Sarawak	Malaysian	Company Director
Brandon Wee Wei Xuan (*Alternate Director to Dato' Richard Wee Liang Huat @ Richard Wee Liang Chiat)*	33	No. 33, Jalan Ong Hap Leong 93200 Kuching Sarawak	Malaysian	Company Director
Royston Ling Ing Ding (*Alternate Director to Dennis Ling Li Kuang*)	29	No. 65, Jalan Tabuan 93200 Kuching Sarawak	Malaysian	Company Director

Company No. 23568-H

CORPORATE DIRECTORY

AUDIT COMMITTEE

Name	Designation	Directorship
Peter Chin Mui Khiong	Chairman	Independent Non-Executive Director
Bobby Lim Chye Huat	Member	Independent Non-Executive Director
Lai Lian Yee	Member	Independent Non-Executive Director

COMPANY SECRETARY : Yeo Puay Huang (LS 0000577)
No. 163, Lorong Setia Raja 4K3,
Jalan Setia Raja,
93350 Kuching, Sarawak
Tel. No.: +6082 428 626
Fax. No.: +6082 423 626

REGISTERED OFFICE/ CORPORATE OFFICE : Wisma Hubline
Lease 3815 (LOT 10914)
Section 64 KTLD
Jalan Datuk Abang Abdul Rahim
93450 Kuching, Sarawak
Tel. no. : (6082) 335393
Fax. no. : (6082) 337393
Email: investor.relations@hubline.com
Website: www.hubline.com

AUDITORS AND REPORTING ACCOUNTANTS : Messrs. Crowe Malaysia (AF 1018)
Chartered Accountants
Member Crowe Global
Kuching Office
2nd Floor, C378, Block C, iCom Square,
Jalan Pending, 93450
Kuching, Sarawak
Tel no: 082-266988
Fax no: 082-266987

SOLICITORS : Messrs. Teh & Lee Advocates & Solicitors
A-3-3 & A-3-4, Northpoint Offices
Mid Valley City, No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Tel. no. : 03 2283 2800
Fax. no. : 03 2283 2500

PRINCIPAL ADVISER AND UNDERWRITER : Kenanga Investment Bank Berhad
Level 17, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur
Tel. no. : 03-2172 2888
Fax. no. : 03-2172 2999

PRINCIPAL BANKERS : PT Bank Muamalat Indonesia, Tbk
Kuala Lumpur International Office
Suite 1.03-1.05 Wisma Goldhill
No. 67 Jalan Raja Chulan
50200 Kuala Lumpur

CORPORATE DIRECTORY (CONT'D)

SHARE REGISTRAR	:	Securities Services (Holdings) Sdn Bhd Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Tel no : 603-2084 9000 Fax no : 603-2094 9940 / 2095 0292
STOCK EXCHANGE LISTING	:	Main Market of Bursa Securities

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HUBLine

HUBLINE BERHAD
(Company No. 23568-H)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered Office:
Wisma Hubline,
Lease 3815 (Lot 10914),
Section 64 KTLD,
Jalan Datuk Abang Abdul Rahim,
93450 Kuching, Sarawak

22 November 2018

Board of Directors:

Tuan Haji Ibrahim Bin Haji Baki	*(Executive Chairman)*
Dato' Richard Wee Liang Huat @ Richard Wee Liang Chiat	*(Non-Executive Vice Chairman)*
Dennis Ling Li Kuang	*(Managing Director)*
Katrina Ling Shiek Ngee	*(Executive Director)*
Bobby Lim Chye Huat	*(Independent Non-Executive Director)*
Lai Lian Yee	*(Independent Non-Executive Director)*
Peter Chin Mui Khiong	*(Independent Non-Executive Director)*
Brandon Wee Wei Xuan	*(Alternate Director to Dato' Richard Wee Liang Huat @ Richard Wee Liang Chiat)*
Royston Ling Ing Ding	*(Alternate Director to Dennis Ling Li Kuang)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,417,256,368 NEW ORDINARY SHARES IN HUBLINE BERHAD ("HUBLINE") ("RIGHTS SHARE(S)") ON THE BASIS OF 3 RIGHTS SHARES FOR EVERY 5 ORDINARY SHARES HELD IN HUBLINE ("HUBLINE SHARE(S)"), TOGETHER WITH UP TO 944,837,579 FREE DETACHABLE NEW WARRANTS ("WARRANT(S) C") ON THE BASIS OF 2 WARRANTS C FOR EVERY 3 RIGHTS SHARES SUBSCRIBED FOR, AS AT 5.00 P.M. ON THURSDAY, 22 NOVEMBER 2018 AT AN ISSUE PRICE OF RM0.0370 PER RIGHTS SHARE

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1. INTRODUCTION

On 27 July 2018, Kenanga IB had, on behalf of our Board, announced that our Company proposes to undertake the following:

(i) Proposed Rights Issue with Warrants; and

(ii) Proposed Notes Issue pursuant to the Subscription Agreement entered into between the Company, the Subscribers and ACPAM on the same date.

On 21 August 2018, Kenanga IB had, on behalf of the Board, announced that the additional listing application in relation to the Corporate Exercises has been submitted to Bursa Securities.

On 4 October 2018, Kenanga IB had, on behalf of the Board, announced that Bursa Securities had *vide* its letter dated 3 October 2018, approved the following:

(i) listing of and quotation for up to 1,417,256,368 Rights Shares to be issued pursuant to the Rights Issue with Warrants on the Main Market of Bursa Securities;

(ii) admission to the Official List and the listing of and quotation for up to 944,837,579 Warrants C pursuant to the Rights Issue with Warrants on the Main Market of Bursa Securities;

(iii) listing of and quotation for up to 17,356,298 additional Warrants A to be issued arising from the adjustments under Deed Poll A pursuant to the Rights Issue with Warrants on the Main Market of Bursa Securities;

(iv) listing of and quotation for up to 28,509,975 additional Warrants B to be issued arising from the adjustments under Deed Poll B pursuant to the Rights Issue with Warrants on the Main Market of Bursa Securities;

(v) listing of and quotation for up to 990,703,852 new Hubline Shares to be issued arising from the exercise of the Warrants C, additional Warrants A and additional Warrants B to be issued arising from the adjustments under the Deed Poll A and Deed Poll B respectively pursuant to the Rights Issue with Warrants, on the Main Market of Bursa Securities; and

(vi) listing of and quotation for up to 4,000,000,000 new Hubline Shares to be issued upon the conversion of the Notes based on the Minimum Conversion Price pursuant to the Notes Issue on the Main Market of Bursa Securities.

The abovesaid approval by Bursa Securities is subject to the following conditions:

No.	Conditions imposed	Status of compliance
(i)	Hubline and Kenanga IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants and Notes Issue.	Noted
(ii)	Hubline and Kenanga IB to inform Bursa Securities upon the completion of the Rights Issue with Warrants and Notes Issue.	To be complied
(iii)	Hubline to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants and Notes Issue is completed; and	To be complied
(iv)	Hubline to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants C, Additional Warrants A, Additional Warrants B and conversion of the Notes as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

Our shareholders had, at the EGM held on 23 October 2018, approved the Corporate Exercises. A certified true copy of the extract of the ordinary resolution approving the Corporate Exercises at our EGM is set out in **Appendix I** of this Abridged Prospectus.

On 31 October 2018, Kenanga IB had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed at RM0.0370 per Rights Share and the exercise price of the Warrants C has been fixed at RM0.0550 per Warrant C.

On 7 November 2018, Kenanga IB had, on behalf of our Board, announced that the Entitlement Date has been fixed on 22 November 2018 at 5.00 p.m.

On 7 November 2018, Kenanga IB had, on behalf of our Board, announced that our Company had entered into the Underwriting Agreement with Kenanga IB.

No person is authorised to give any information or to make any representation not contained herein in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or by Kenanga IB.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Particulars of the Rights Issue with Warrants

In accordance with the terms of the Rights Issue with Warrants as approved by Bursa Securities as well as our Shareholders and subject to the terms of the Documents, the Rights Issue with Warrants entails an issuance of up to 1,417,256,368 Rights Shares on a renounceable basis of 3 Rights Shares for every 5 existing Hubline Shares held, together with up to 944,837,579 Warrants C on the basis of 2 Warrants C for every 3 Rights Shares subscribed by the Entitled Shareholder(s), on the Entitlement Date.

The entitlement basis of 3 Rights Shares for every 5 existing Hubline Shares held and 2 Warrants C for every 3 Rights Shares subscribed was arrived at after taking into consideration the issue price of the Rights Shares of RM0.0370 each and the funding requirements of our Group, details of which are set out in Section 5 of this Abridged Prospectus. At the ratio of 3 Rights Shares for every 5 existing Hubline Shares and issue price of RM0.0370 per Rights Shares, the Rights Issue with Warrants will raise up to approximately RM52.4 million for the purposes set out in Section 5 of this Abridged Prospectus.

In arriving at the ratio of 2 Warrants C for every 3 Rights Shares subscribed for, our Board had ensured compliance with Paragraph 6.50 of the Listing Requirements that the potential aggregate number of new Hubline Shares arising from the exercise of Warrants C will not exceed 50% of our Company's issued share capital (excluding treasury shares (if any) and before the exercise of the said Warrants C) at all times.

The Warrants C will be immediately detached from the Rights Shares upon issuance and will be separately traded on the Main Market of Bursa Securities. The Warrants C will be issued in registered form and constituted by the Deed Poll C. The salient terms of the Warrants C are set out in Section 2.5 of this Abridged Prospectus.

The entitlements for the Rights Shares with Warrants C are renounceable in full or in part. Only our Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, who successfully subscribe for the Rights Shares will be entitled to the Warrants C. Our Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Rights Issue with Warrants will simultaneously relinquish their corresponding entitlements to the Warrants C. The Rights Shares and the Warrants C cannot be renounced separately.

The Rights Shares with Warrants C which are not taken up or validly taken up shall be made available for excess applications by the other Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, and thereafter will be taken up by certain shareholders pursuant to the Additional Undertakings and/or the Underwriter. It is the intention of our Board to allocate the excess Rights Shares with Warrants C, if any, in a fair and equitable manner on a basis specified under Section 10.5 herein.

In determining the shareholders' entitlements to the Rights Shares with Warrants C under the Rights Issue with Warrants, fractional entitlements, if any, shall be disregarded and/or dealt with by the Board in a fair and equitable manner and on terms as the Board, in its absolute discretion, deems fit and expedient in order to minimise the incidence of odd lots as well as in the best interest of the Company.

As you are an Entitled Shareholder and the Rights Shares with Warrants C are prescribed securities, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants C, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares with Warrants C into your CDS Account and the RSF to enable you to subscribe for the Provisional Rights Shares with Warrants C, as well as to apply for the excess Rights Shares with Warrants C if you choose to do so.

Any dealing in our securities will be subject to, *inter-alia*, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants C will be credited directly into the respective CDS Accounts of the successful applicant. No physical share certificates and warrant certificates will be issued but notices will be despatched to the successful applicant. The notice of allotment will be despatched to you or your renouncee(s) or transferee(s), if applicable, within 8 Market Days from the last date of acceptance and payment for the Provisional Rights Shares with Warrants C.

In line with the Board's intention to procure underwriting arrangement(s) as disclosed in our circular to shareholders in relation to the Rights Issue with Warrants dated 8 October 2018, we have entered into the Underwriting Agreement with Kenanga IB on 7 November 2018. Pursuant to the Underwriting Agreement, the Rights Shares not subscribed by our Entitled Shareholders and/or not undertaken by the Undertaking Shareholders in regards to the Rights Issue with Warrants has been fully underwritten by Kenanga IB, as the Underwriter. Therefore, there is no minimum scenario from the Rights Issue with Warrants in the Abridged Prospectus.

2.2 Basis of determining the issue price of the Right Shares

We have fixed the issue price of the Rights Shares at RM0.0370 per Rights Share after taking into consideration, amongst others, the following:

(i) the TERP of RM0.0424 per Hubline Share, calculated based on the 5-day VWAP of Hubline Shares up to and including 30 October 2018, being the last Market Day immediately preceding Price-Fixing Date of 31 October 2018, of RM0.0456;

(ii) the prevailing market conditions which include, amongst others, market sentiments and volatility of the Malaysian stock market; and

(iii) funding requirements of Hubline Group, as detailed in Section 5 of this Abridged Prospectus.

The issue price of RM0.0370 per Rights Share represents a discount of approximately 12.68% to the TERP of Hubline Shares of RM0.0424.

2.3 Basis of determining the exercise price of the Warrants C

The Warrants C attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, who successfully subscribe for the Rights Shares.

We have fixed the exercise price of the Warrants C at RM0.0550 per Warrant C after taking into consideration, amongst others, the following:

(i) the TERP of RM0.0443 per Hubline Share, calculated based on the 45-day VWAP of Hubline Shares up to and including, 30 October 2018, being the last Market Day immediately preceding Price-Fixing Date of 31 October 2018, of RM0.0486;

(ii) the range of premiums and discounts to the TERP for precedent warrant issues;

(iii) the Warrants C will be issued at no cost to the Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, that successfully subscribe for the Rights Shares;

(iv) the prevailing market conditions;

(v) the historical share price volatility of the underlying Hubline Shares;

(vi) the Warrants C being exercisable at any time within a 5-year period from the date of issue of Warrants C; and

(vii) the potential future earnings of the Group.

The exercise price of RM0.0550 per Warrant C represents a premium of approximately 24.29% over the TERP of Hubline Shares of RM0.0443.

2.4 Ranking of the Rights Shares and the new Hubline Shares to be issued arising from the exercise of the Warrants C

All the Rights Shares will, upon allotment and issuance, rank equally in all respects with the existing Hubline Shares. However, the holders of such Rights Shares will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of the Rights Shares.

The new Hubline Shares to be issued upon the exercise of the Warrants C will, upon allotment and issuance, rank equally in all respects with the existing Hubline Shares. However, the holders of such new Hubline Shares will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of the new Hubline Shares.

2.5 Salient terms of the Warrants C

The salient terms of the Warrants C are set out below:

Issue size	:	Up to 944,837,579 Warrants C in Hubline, to be issued at no cost
Form	:	The Warrants C, which are issued with the Rights Shares will be immediately detached upon issuance and separately traded on the Main Market of Bursa Securities. The Warrants C will be issued in registered form and constituted by the Deed Poll C.
Exercise rights	:	Each Warrant C entitles the registered holder, at any time during the exercise period, to subscribe for 1 new Hubline Share at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll C.
Exercise period	:	The Warrants C may be exercised at any time within 5 years commencing on and including the date of issuance of the Warrants C. Any Warrants C which is not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise price	:	The exercise price of the Warrants C is fixed at RM0.055 per Warrant C
Expiry date	:	The date falling 5 years commencing from and including the date of the issue of the Warrants C and if such a day is not a Market Day, then on the immediately preceding Market Day in accordance with the procedure set out by the Deed Poll C and/or the laws.

Mode of exercise	:	The registered holder of a Warrant C is required to lodge an exercise form, as set out in the Deed Poll C, with the Company's registrar, duly completed, signed and stamped together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia in accordance with the Deed Poll C.
Mode of transfer	:	The Warrants C shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd.
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrants C shall comprise 100 Warrants C or such other thereof as determined by Bursa Securities carrying the right to subscribe for 100 new Hubline Shares at any time during the exercise period.
Listing status	:	The Warrants C and the new Hubline Shares to be issued pursuant to the exercise of the Warrants C will be listed and traded on the Main Market of Bursa Securities.
Ranking of new Hubline Shares	:	The new Hubline Shares to be issued upon the exercise of the Warrants C will, upon allotment and issuance, rank equally in all respects with the existing Hubline Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of the new Hubline Shares.
Adjustment in the exercise price and/or number of Warrants C	:	The exercise price and/or the number of unexercised Warrants C may be adjusted in by the Board, in the event of alteration to the share capital of the Company, capital distribution or issue of shares or any other events in accordance with the provisions of the Deed Poll C.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	:	If a resolution is passed for a members' voluntary winding up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then: (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holder of the Warrant C (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding up, compromise and arrangement shall be binding on all the holders of the Warrant C; and

(ii) in any other case, every holder of the Warrant C shall be entitled upon and subject to the conditions at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or the granting of the court order approving the compromise or arrangement (as the case may be), to exercise their Warrant C by submitting the exercise form duly completed authorising the debiting of his Warrant C together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the exercise rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Hubline Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly.

Participating rights of the holders of the Warrant C	:	The holders of the Warrants C are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such holders of the Warrants C exercise their Warrants C into new Hubline Shares.
Modifications	:	Subject to the approval of Bursa Securities (if required), any modifications to the Deed Poll C may be effected only by the Deed Poll C, executed by the Company and expressed to be supplemental hereto and comply with the requirements of the Deed Poll C. The Company shall notify the holders of the Warrants C of any modification within 30 days after such modification is effected in accordance with the Deed Poll C.
Governing law		Laws and regulations of Malaysia.

2.6 Details of other corporate exercises

As at the LPD, other than the Rights Issue with Warrants, there is a Notes Issue that had been announced on 27 July 2018 and is pending completion.

The Notes Issue consists of the issuance of 1.0% Notes with a tenure of 5 years, due in 2023 with an issue size of up to RM200,000,000 nominal value in aggregate to be divided into 5 tranches. The minimum conversion price is set at RM0.05. The Rights Issue with Warrants and the Notes Issue are not conditional upon each other. However, the Notes Issue will be implemented only after the completion of the Rights Issue with Warrants.

3. SHAREHOLDERS' UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

3.1 Shareholders' undertakings

The Rights Issue with Warrants is to be undertaken on a full subscription basis and the remaining balance of the Rights Shares not covered by the Undertakings has been fully underwritten by the Underwriter.

The Undertaking Shareholders have provided their respective undertakings to subscribe in full for their respective entitlements of the Rights Shares with Warrants C under the Rights Issue with Warrants. Additionally, Absolute Privilege Sdn Bhd, Advance Opportunities Fund I, Kong Leh Ping, Lanacove Sdn Bhd, Tan Sze Seng and Trillion Mall Sdn Bhd have also provided their Additional Undertakings respectively in the event there are Rights Shares not subscribed by other Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable.

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Details of Undertaking Shareholders and their Undertakings are set out below:

Undertaking Shareholders	As at the LPD		Entitlement Undertakings (A)		Additional Undertakings (B)		Total Rights Shares to be subscribed pursuant to the Undertakings (A) + (B)		No. of Warrants C entitlements
	No. of Hubline Shares	%[1]	No. of Rights Shares	%[2]	No. of Rights Shares	%[2]	No. of Rights Shares	%[3]	No. of Warrants C
Substantial shareholders:									
BPSB	183,343,882	7.76	[5] 110,006,329	7.76	-	-	110,006,329	2.91	73,337,552
DLLK	422,799	0.02	[5] 253,679	0.02	-	-	253,679	0.01	169,119
BNDM	269,715,700	11.42	[5] 161,829,420	11.42	-	-	161,829,420	4.28	107,886,280
RWLH	45,000	[4] *	[5] 27,000	[4] *	-	-	27,000	[4] *	18,000
IBZ	181,818,000	7.70	[5] 109,090,800	7.70	-	-	109,090,800	2.89	72,727,200
Tuan Haji Ibrahim	80,000,500	3.39	[5] 48,000,300	3.39	-	-	48,000,300	1.27	32,000,200
Total	**715,345,881**	**30.28**	**429,207,528**	**30.28**	**-**	**-**	**429,207,528**	**11.36**	**286,138,351**

Notes:

(1) Computed based on the existing share capital of Hubline as at the LPD amounting to 2,362,093,948 Hubline Shares (excluding 679,830 treasury shares held by the Company).

(2) Computed based on the total of 1,417,256,368 Rights Shares to be issued pursuant to the Rights Issue with Warrants.

(3) Computed based on the enlarged share capital after the Rights Issue with Warrants amounting to 3,779,350,316 Hubline Shares.

(4) Negligible.

(5) In the event of disposal of part or all of their shareholdings in the Company prior to the Entitlement Date of the Rights Shares, these shareholders will continue to irrevocably undertake to subscribe for the Rights Shares pursuant to their Entitlement Undertakings as set out in the table above.

Undertaking Shareholders	As at the LPD		Entitlement Undertakings (A)		Additional Undertakings (B)		Total Rights Shares to be subscribed pursuant to the Undertakings (A) + (B)		No. of Warrants C entitlements
	No. of Hubline Shares	%[1]	No. of Rights Shares	%[2]	No. of Rights Shares	%[2]	No. of Rights Shares	%[3]	No. of Warrants C
Other shareholders:									
Absolute Privilege Sdn. Bhd.	95,794,890	4.06	[5] 57,476,934	4.06	2,523,066	0.18	60,000,000	1.59	40,000,000
Advance Opportunities Fund I	50,049	[4] *	[5] 30,029	[4] *	111,081,082	7.84	111,111,111	2.94	74,074,074
Kong Leh Ping	14,000,000	0.59	[5] 8,400,000	0.59	46,600,000	3.29	55,000,000	1.46	36,666,666
Lanacove Sdn. Bhd.	26,139,780	1.11	[5] 15,683,868	1.11	19,316,132	1.36	35,000,000	0.93	23,333,333
Tan Sze Seng	10,000	[4] *	6,000	[4] *	11,105,111	0.78	11,111,111	0.29	7,407,407
Trillion Mall Sdn. Bhd.	79,996,213	3.39	[5] 47,997,727	3.39	17,002,273	1.20	65,000,000	1.72	43,333,333
Total	**215,990,932**	**9.15**	**129,594,558**	**9.15**	**207,627,664**	**14.65**	**337,222,222**	**8.92**	**224,814,813**
Grand total	**931,336,813**	**39.42**	**558,802,086**	**39.42**	**207,627,664**	**14.65**	**766,429,750**	**20.28**	**510,953,164**

Notes:

(1) Computed based on the existing share capital of Hubline as at the LPD amounting to 2,362,093,948 Hubline Shares (excluding 679,830 treasury shares held by the Company).

(2) Computed based on the total of 1,417,256,368 Rights Shares to be issued pursuant to the Rights Issue with Warrants.

(3) Computed based on the enlarged share capital after the Rights Issue with Warrants amounting to 3,779,350,316 Hubline Shares.

(4) Negligible.

(5) In the event of disposal of part or all of their shareholdings in the Company prior to the Entitlement Date of the Rights Shares, these shareholders will continue to irrevocably undertake to subscribe for the Rights Shares pursuant to their Entitlement Undertakings as set out in the table above.

Based on the Undertakings and the issue price of the Rights Shares of RM0.0370, the Undertakings amount to approximately RM28.36 million. Accordingly, the Undertaking Shareholders have provided confirmations that they have sufficient financial resources to take up their respective Rights Shares entitlements in respective of their Entitlement Undertakings and Additional Undertakings pursuant to the Rights Issue with Warrants. All the said confirmations have been verified by Kenanga IB, being the Principal Adviser for the Rights Issue with Warrants.

Additionally, our public shareholding spread is not expected to fall below the minimum public shareholding spread of 25% pursuant to Paragraph 8.02(1) of the Listing Requirements in regards to the implementation of the Rights Issue with Warrants. We illustrate the effect of the Rights Issue with Warrants on our public shareholding spread in the following table:

	As at the LPD		**I After the Rights Issue with Warrants (before the exercise of Warrants C)**		**II After I and assuming full exercise of Warrants C)**	
	No. of Hubline Shares	**%**	**No. of Hubline shares**	**%**	**No. of Hubline shares**	**%**
Share capital [(1)]	2,362,093,948	100.00	3,128,523,698	100.00	3,639,476,862	100.00
Less: Directors'/ substantial shareholders'/ associates' shareholdings	715,955,616	30.31	1,145,175,744	36.60	1,431,322,495	39.33
Public shareholdings	1,646,138,332	69.69	1,983,347,954	63.40	2,208,154,367	60.67

Note:

(1) Excluding treasury shares

Based on the table above, we will still be in compliance with the minimum public shareholding spread of 25% pursuant to Paragraph 8.02(1) of the Listing Requirements. Upon completion of the Rights Issue with Warrants (but before the exercise of the Warrants C), our public shareholding spread may reduce from approximately 69.69% to approximately 63.40% (excluding treasury shares). Thereafter, assuming full exercise of the Warrants C held by the Undertaking Shareholders, our public shareholding spread may further reduce from approximately 63.40% to approximately 60.67% (excluding treasury shares).

For the avoidance of doubt, the Undertaking Shareholders are not persons acting in concert. Further details on the substantial shareholders' shareholdings as at the LPD and after the Rights Issue with Warrants are set out in Appendix II of this Abridged Prospectus. After taking into consideration the Entitlement Undertakings, Additional Undertakings and the Underwriting, the subscription of the Rights Shares by the Undertaking Shareholders will not give rise to any consequences of mandatory general offer obligations pursuant to the Rules upon completion of the Rights Issue with Warrants. In addition, the Undertaking Shareholders have undertaken to observe and comply at all times with the provision of the Rules.

3.2 Underwriting arrangement

On 7 November 2018, our Company had entered into the Underwriting Agreement with the Underwriter to underwrite the remaining open portion of up to 650,826,618 Rights Shares ("**Underwritten Shares**"), representing 45.92% of the total Rights Shares.

Pursuant to the Underwriting Agreement, the Rights Shares not subscribed by our Entitled Shareholders and/or not undertaken by the Undertaking Shareholders, has been fully underwritten by Kenanga IB, as the Underwriter.

The Underwritten Shares are underwritten in full at a managing underwriting commission of 0.5% of the total value of the Underwritten Shares ("**Managing Underwriting Commission**"), and at an underwriting commission of 1.875% of the total value of the Underwritten Shares ("**Underwriting Commission**"), subject to the terms and conditions of the Underwriting Agreement. The total underwriting commission payable by our Company is approximately RM0.57 million. The Managing Underwriting Commission and Underwriting Commission for the Underwritten Shares and all reasonable costs in relation to the underwriting arrangement will be fully borne by our Company.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

After considering the various fund-raising methods available to our Company, our Board is of the opinion that the Rights Issue with Warrants is currently an appropriate option to raise funds for our Group, after taking into consideration, amongst others, the following:

(i) to enable the Group to raise additional funds without incurring interest expenses as compared to further bank borrowings;

(ii) to provide a funding source that will strengthen our Group's financial position with enhanced shareholders' funds while reducing the Group's gearing level. The funds raised will be used for the purposes highlighted in Section 5 of this Abridged Prospectus, which are expected to facilitate the continuous long-term growth and expansion plans of our Group;

(iii) to enable our Group to raise funds through the issuance of new Hubline Shares without diluting the existing shareholders' percentage shareholdings provided that all the Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue with Warrants and exercise their Warrants C subsequently. The Undertakings would allow the Undertaking Shareholders to extend their support for the Rights Issue with Warrants and facilitate our Group's fund-raising initiative;

(iv) to provide an opportunity for the Entitled Shareholders to participate in an equity offering in our Group on a pro rata basis and ultimately, participate in the prospects and future growth of our Group by subscribing to the Rights Shares and exercising their Warrants C; and

(v) the free Warrants C will increase the attractiveness of the Rights Shares by providing an incentive to the shareholders to subscribe for their entitlements and hence, providing them with the potential capital appreciation arising from the exercise of the Warrants C, depending on the future price performance of the Hubline Shares. The Warrants C will, upon exercise, generate proceeds for our Company's working capital.

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5. UTILISATION OF PROCEEDS

Utilisation of proceeds for the Rights Issue with Warrants

The proceeds illustrated in this section of the Abridged Prospectus are only for the Rights Issue with Warrants and excludes the proceeds raised from the Notes Issue, which is announced on 27 July 2018 and still pending completion. For the purpose of this section, in view of the Undertakings and the Underwriting Agreement, the utilisation of proceeds for the Rights Issue with Warrants shall reflect a full subscription basis. The minimum scenario as disclosed in our circular to shareholders dated 8 October 2018 does not apply as any remaining balance of the Rights Shares not subscribed by our Entitled Shareholders and/or not undertaken by Undertaking Shareholders, shall be fully underwritten by the Underwriter. The Rights Issue with Warrants is expected to raise estimated gross proceeds of up to approximately RM52.4 million based on the issue price of RM0.0370 per Rights Share and are expected to be utilised in the following manner:

Details of utilisation	Note	RM 'million	Timeframe for the utilisation from the date of receipt of proceeds
Repayment of loan taken by its container shipping business segment	(i)	20.0	Within 1 year
Capital expenditure (acquisition of barges)	(ii)	20.0	Within 1 year
Working Capital	(iii)	11.3	Within 1 year
Estimated expenses related to the Rights Issue with Warrants	(iv)	1.1	Within 1 month
Total		**52.4**	

Notes:

(i) Repayment of loan

Since the announcement on 18 February 2015 of our intention to exit the container shipping business, our Company had undertaken an issuance of new rights shares in 2015 which was completed on 29 December 2015, a private placement of new ordinary shares in 2016 which was completed on 24 August 2016, an issuance of redeemable convertible notes in 2017 which was completed on 9 November 2017 and a 10% private placement of new ordinary shares in 2018 which was completed on 5 February 2018, of which the proceeds raised were utilised to repay a portion of our Group's borrowings of approximately RM106.3 million. This led to an improvement in our Group's gearing level which decreased from 4.41 times in FYE 2015 to 1.77 times in FYE 2017 and a further improvement to 0.71 times in FPE 30 June 2018.

Pursuant to our Company's operation restructuring plan, the container shipping business, which had been incurring losses for our Company for the past few years preceding 2015 due to intense competition from larger capacity container vessels and decreasing charter rates, had been discontinued by 31 December 2016 upon the sale of the majority of our Company's container shipping vessels.

Currently, our Group has borrowings with repayment tenures ranging from 9 months to 3 years. As at the LPD, the total principal amount of borrowings for our Group is RM94.2 million, which consists of approximately RM81.2 million of borrowings related to the container shipping business and RM13.0 million of borrowings related to the existing dry bulk business.

The principal amount of borrowings related to the container shipping division of approximately RM81.2 million and the relevant finance costs will be repaid in full within 3 years from January 2019 as illustrated below:

Type of facility related to the container shipping division	Maturity	Outstanding principal amount as at the LPD RM'000	Estimated finance costs RM'000	Total outstanding as at the LPD RM'000
Revolving credit	March 2019	250	35	285
Invoice financing facility	July 2019	1,134	88	1,222
Al Murabahah and Musyarakah Mutanaqisah (Restructure)	October 2020	28,577*	2,841*	31,418*
Invoice financing and revolving credit	December 2021	51,252	5,930	57,182
Total		**81,213**	**8,894**	**90,107**

Note:

* *Based on the exchange rate applied of USD1.00:RM4.1755, being the middle rates prevailing at 5.00 p.m. on the LPD, as published by Bank Negara Malaysia, for illustration purposes. The outstanding principal amount as at the LPD is USD6,844,085.*

The full repayment of the outstanding credit facilities related to the container shipping division will enable our Group to focus on and expand its dry bulk business, reduce its gearing ratio and is expected to result in interest savings in coming years.

Due to the abovementioned, our Company intends to utilise RM20.0 million from the proceeds raised from the Rights Issue with Warrants as partial repayment of the outstanding credit facilities related to the container shipping division of approximately RM81.2 million and the estimated relevant finance costs of approximately RM8.9 million thereof. The balance of approximately RM70.1 million and/or any other shortfall based on the actual finance costs for the credit facilities shall be financed via the Notes Issue and/or internally generated funds.

For illustrative purpose, the full repayment of the outstanding credit facilities related to the container shipping division will result in an estimated interest savings of approximately RM5.0 million per annum based on our Group's weighted average interest rate of 6.03% per annum.

Our Group's borrowings will be pared down within 12 months upon the receipt of the proceeds from the Rights Issue with Warrants.

(ii) Capital Expenditure (acquisition of barges)

As part of its operation restructuring plan, our Group is focusing our efforts on the dry-bulk business which has positive growth prospects. Vietnam has recently opened up to allow the importation of coal which will drive imports from Indonesia. In the past, such coal is sourced from Northern Vietnam. Further, Philippines currently has a strong economy and strong imports thereby increasing our Group's growth prospects to carry cargoes especially to these areas. Additionally, the Baltic Dry Index, which is reported around the world as a proxy for dry bulk shipping stocks as well as a general shipping market bellwether, has been trending upwards from 965 a year ago to 1,428 as at the LPD. This is substantiated by an increase in demand for bulk vessels. However, with such bulk vessels in short supply, customers seek alternatives and tugs and barges become the beneficiaries of this shortage. Accordingly, our Company has allocated RM20.0 million proceeds from the Rights Issue with Warrants for capital expenditure purpose whereby we plan to utilise the RM20.0 million to acquire barges to increase our fleet size.

As at the LPD, the status for the acquisition is as follows:

Details of capital expenditure	**Size**	**Completion**	**Amount**
			RM 'million
Authorised and contracted orders placed for 2 barges for the dry bulk business	10,000 metric tonnes each	Mid 2019	20.0
Total			**20.0**

Our Company currently owns a fleet of 23 tugs and 23 barges, with an additional tug expected to arrive in November 2018. The acquisition of the additional barges for our dry bulk business will increase the fleet size for the dry bulk business to 24 tugs and 25 barges. The additional barges to be acquired will have the capacity of 10,000 metric tonnes each as compared to the existing barges that have a capacity of between 8,000 to 10,000 metric tonnes each. This acquisition will enable our Company to increase our operation in the provision of barges services and consequently contribute to earnings growth.

Any remaining proceeds not utilised by our Company for the acquisition of new barges, if any, shall be utilised to repay the bank borrowings and/or credit facilities of our Company and/or to finance working capital requirements. The breakdown of such unutilised proceeds to repay the bank borrowings and/or credit facilities and/or to finance working capital requirements will be determined by our Company based on the funding requirements at a later date. As at the LPD, the total principal amount of borrowings for our Group is RM94.2 million as mentioned in Section 5(i) above.

(iii) Working capital

Approximately up to RM11.3 million of the proceeds will be utilised for the working capital of our Company for its operations. The working capital is expected to be utilised in the following manner:

Amount of proceeds used for working capital	**RM 'million**
Trade and other creditors	10.0
Expenses (i.e. vessel upgrading, dry docking expenses, fleet maintenance and repair expenses, bunker and general expenses, etc.)	1.3
Total	**11.3**

As at the LPD, the total amount of trade and other creditors is approximately RM24.0 million, which consists of RM20.0 million for trade creditors and approximately RM4.0 million for other creditors such as secured creditors in relation to the container shipping business, administrative creditors and any general accruals. The Company intends to finance the balance of our trade and other creditors of approximately RM14.0 million using our internally generated funds. Our Company's trade creditors turnover is approximately 60 to 120 days.

In addition, our Company has cash and bank balances of RM4.2 million as at the LPD, which will be utilised mainly towards repayment of our trade and other creditors.

In the event that the actual amount varies from the above working capital requirements, the excess or deficit, as the case may be, will be adjusted to/from the amounts earmarked for repayment of borrowings, capital expenditure and/or expenses related to the Rights Issue with Warrants.

(iv) Estimated expenses for the Rights Issue with Warrants

The estimated expenses in relation to the Rights Issue with Warrants, are inclusive of professional fees, regulatory fees, printing cost, advertising cost, miscellaneous expenses and underwriting fees as follows:

Details	RM '000
Professional and underwriting fees	912
Fees payable to authorities	87
Other ancillary expenses	140
Total estimated expenses	**1,139**

Note:

Other ancillary expenses consist of estimated printing and advertising costs and other miscellaneous expenses.

In the event that the actual amount varies from the above estimated expenses, the excess or deficit, as the case may be, will be adjusted to/from the amount earmarked for working capital.

Utilisation of proceeds from the exercise of the Warrants C

The issuance of the Warrants C will not raise any funds for our Company as the Warrants C will be issued at no cost. The exact quantum of the future proceeds that may be raised by our Company pursuant to the exercise of the Warrants C would depend upon the total number of Warrants C exercised during the tenure of the Warrants C. As such, the actual timeframe for utilisation of the proceeds arising from the issue of the Warrants C is not determinable at this juncture.

Nonetheless, assuming full exercise of the Warrants C at the exercise price of RM0.0550 per Warrant C, a total of 944,837,579 new Hubline Shares will be issued and our Company could potentially raise the maximum gross proceeds of approximately RM52.0 million. Such proceeds to be raised, as and when the Warrants C are exercised, shall be utilised for the future working capital requirements of our Group. The proceeds to be utilised for each component of working capital which would include expenses for vessel upgrading, dry docking expenses, fleet maintenance and repair, are subject to our Group's operating requirements at the time of utilisation and therefore cannot be determined at this juncture.

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6. RISK FACTORS

You and/or your renouncee(s) or transferee(s), if applicable, should consider carefully the following risk factors which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this Abridged Prospectus, before subscribing for or investing in the Rights Issue with Warrants.

6.1 Risks relating to our Group and the industry in which our Group operates

(i) Business and operational risks

Our Company is an investment holding company while our subsidiary companies are principally engaged in the provision of shipping services. Our Group is subject to risks inherent in the shipping industry which includes, but is not limited to fluctuations to charter rates, increases in the cost of labour, unforeseen breakdown of vessels and equipment, threat of competition, increases in port tariff, lengthy quarantines and severe weather conditions at land and sea.

Although our Group seeks to limit these risks through, *inter-alia,* providing good service, maintaining a large client base, maintaining good business relationships, exploring new or additional shipping routes, effective human resource management, close supervision of the shipping line and effective cost control policy, no assurance can be given that any change to these factors will not have a materially adverse effect on our Group's business.

(ii) Fluctuation in freight rates and charter rates

The shipping industry has traditionally experienced fluctuations in freight rates and charter rates, which are in turn dependent on the demand for and supply of shipping capacity. These rate fluctuations may contribute to the volatility of our Group's financial performance where a decrease in demand for shipping services or an increase in supply of shipping capacity may result in an adverse impact on the financial performance of our Group.

The demand for shipping services would depend on factors such as global consumption for goods and services, trade activities, changes in seaborne and other transportation patterns, seasonal and weather conditions, port congestion and political uncertainties. The supply factors would include the total number of vessels in operating condition as well as new vessels to be delivered taking into consideration the tonnage to be scrapped.

Despite the challenging market conditions, we continuously seek to limit and mitigate these risks through the implementation of prudent business strategies, operating in niche/smaller ports and where demand for our services are relatively resilient, putting in place plans to expand in both existing and new markets and maintaining good working relationships with our customers. However, there can be no assurance that fluctuations in freight and charter rates would not have any material adverse impact on our Group's business.

(iii) Unexpected vessel breakdown and accidents

The breakdown of vessels and the occurrence of accidents may result in down-time and substantial cost being incurred. Although we have insured our vessels for damage repair works caused by accidents and certain unforeseeable events, earnings may still be affected should there be prolonged delays in repair works.

However, as our existing fleet of vessels are reasonably well maintained and managed, such unexpected repair costs and downtime should be minimal. In addition, continuous preventive maintenance conducted on the vessels with addition attention to performance and safety will assist us in reducing the occurrence of unexpected repair costs due to breakdowns or accidents. As at the LPD, our Company has not experienced any breakdown of vessels and accidents that had materially affected the business of our Group.

(iv) Competition risk

Our Group faces competition in both the local and global markets as well as from existing players and/ or potential new entrants into the shipping industry. Our success is dependent upon, among others our continuing efforts to improve our business strategies.

Our Group also faces direct competition within the shipping industry. With new entrants coming into the industry, there is no assurance that any changes to the competitive environment will not have a material and adverse effect on our Group's future business and financial performance.

6.2 Risks relating to the Rights Issue with Warrants

(i) Investment and capital market risk

The market price of the Hubline Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of Hubline Shares, the outlook of the industry in which we operate in, changes in regulatory requirements or market conditions and the financial performance and fluctuations in our Group's operating results. In addition, the performance of the local stock market (where our shares are listed) is dependent on the economic and political condition in Malaysia as well as external factors such as, amongst others, the performance of the world bourses, flows of foreign funds and prices of commodities. In view of this, there can be no assurance that the Rights Shares will trade above the issue price for the Rights Shares or TERP upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

The market price of the Warrants C may be influenced by, amongst others, the market price of Hubline Shares, and the remaining exercise period of the Warrants C and the volatility of Hubline Shares. There can be no assurance that the Warrants C will be "in-the-money" during the exercise period of the Warrants C. In the event the Warrants C are not exercised during the exercise period, the unexercised Warrants C will lapse and cease thereafter to be valid for any purpose.

(ii) Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of force majeure events or circumstances which are beyond the control of our Company arising prior to the implementation of the Rights Issue with Warrants. Such events or circumstances include, *inter alia*, natural disasters, health epidemics, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership.

In this respect, our Company will exercise its best endeavours to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants. In the event of failure in the completion of the Rights Issue with Warrants, all application monies received will be refunded to our Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, who have subscribed for the Rights Shares with Warrants without interest within 14 days. In addition, monies not repaid within 14 days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, and the Rights Issue with Warrants is subsequently cancelled or terminated, a return of monies to the shareholders can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time under such circumstances.

(iii) Potential dilution in shareholding

Entitled Shareholders who do not or are not able to accept their Rights Shares entitlement in respect of the Rights Issue with Warrants will have their proportionate ownership and voting interest in our Company reduced and the percentage of the issued and paid-up share capital of represented by their shareholdings in our Company will also be reduced accordingly. Pursuant thereto, their proportionate entitlement to any dividends, rights, allotments, and/or other distributions that we may declare, make or pay will correspondingly be diluted.

6.3 Other risks

(i) Economic, political and regulatory risks

Our financial and business prospects depend to a certain extent on the development in the political, economic and regulatory front in Malaysia, regional and/or other countries which we have business links with. Amongst the political, economic and regulatory factors are global economic slowdown, war, changes in political leadership, changes in government policy such as introduction of new regulations, changes in interest rates and method of taxation and currency rules.

Although we seek to limit these risks by adopting prudent management and effective operating procedure, there can be no assurance that such economic, political and regulatory uncertainties will not materially affect our Group.

(ii) Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of future results and others that are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Abridged Prospectus are based on assumptions made by our Group, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include the aforementioned risk factors.

In view of this and other uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Group, the Principal Adviser or other professional advisers that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The outlook for the Malaysian economy remains resilient in the near term despite considerable external and domestic headwinds. Real GDP is projected to expand 4.8% and 4.9% in 2018 and 2019, respectively, supported mainly by domestic demand. Private sector expenditure, in particular, household spending will remain as the anchor of growth following a continuous increase in employment and wage amid benign inflation. Meanwhile, private investment will be supported by new and on-going projects in the services and manufacturing sectors. On the contrary, public expenditure is expected to grow marginally in 2018 and contract in 2019 following the lower capital outlays by public corporations.

From the supply side, the services sector is expected to remain as the largest contributor, namely wholesale and retail trade, finance and insurance as well as information and communication subsectors, benefitting from steady consumer spending. The manufacturing sector is projected to register a firm growth primarily driven by continuous demand for E&E. Agriculture and mining sectors are expected to rebound in 2019 after recording a marginal contraction in 2018 following an increase in the production of crude palm oil (CPO) and LNG. Meanwhile, the construction sector is expected to moderate following the near completion of infrastructure projects as well as property overhang, particularly in the non-residential segment.

Malaysia's external position is projected to remain resilient in line with steady global economic and trade performances. However, exports are expected to moderate mainly due to slower global trade and investment activities. At the same time, the current account surplus is expected to narrow following widening deficits in the services and income accounts.

(Source: Economic Outlook 2019, Ministry of Finance Malaysia)

The Malaysian economy expanded at a slower pace of 4.5% in the second quarter of 2018 (1Q 2018: 5.4%). Growth was slower on account of supply disruptions in the mining sector and lower agriculture production. The latter is due to supply constraints and adverse weather conditions. On the demand side, growth was dampened by lower public investment and net export growth. Private sector spending remained resilient, expanding further by 7.5% (1Q 2018: 5.2%). In particular, private consumption increased strongly by 8.0% (1Q 2018: 6.9%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.3% (1Q 2018: 1.4%).

Domestic demand recorded a stronger growth of 5.6% (1Q 2018: 4.1%), as the higher private sector activity (7.5%; 1Q 2018: 5.2%) more than offset the decline in public sector spending (-1.4%; 1Q 2018: -0.1%). Private consumption expanded at a stronger pace of 8.0% (1Q 2018: 6.9%), the highest since the first quarter of 2015. This was driven by continued strength in income and employment. Consumer spending was also boosted by the lower inflation during the quarter following the zerorisation of the Goods and Services Tax (GST) rate and stronger consumer sentiments. Private investment growth was higher at 6.1% (1Q 2018: 0.5%), driven mainly by capital spending in the manufacturing and services sectors. The better performance was supported by positive business sentiments, favourable demand conditions and continued high capacity utilisation during the quarter. Public consumption registered a higher growth of 3.1% (1Q 2018: 0.4%), supported by improvement in supplies and services and sustained growth in emoluments. Public investment continued to contract during the quarter (-9.8%; 1Q 2018: -1.0%). This was in part due to the near completion of ongoing projects and lower Federal Government development expenditure. Growth in gross fixed capital formation improved to 2.2% (1Q 2018: 0.1%), attributed to higher private sector investment activity. By type of assets, capital spending on machinery and equipment rebounded to 3.6% (1Q 2018: -3.6%). Investment in structures expanded at a slower pace of 2.1% (1Q 2018: 2.8%), due mainly to a slower expansion in investments in non-residential property such as office and retail space. Investment in other types of assets contracted by 2.9% (1Q 2018: -0.2%).

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2018, Quarterly Bulletin, Bank Negara Malaysia)

7.2 Outlook of the Malaysian shipping industry

Despite shipping being a significant contributor to the Malaysian economy with total trade of RM1.48 trillion in 2016, the Malaysian shipping industry has been in decline with the steady reduction in Malaysian shipping tonnage and an increasing number of shipping businesses in distress. The Malaysia Shipowners' Association (MASA) has attributed this to the weak global shipping market while the lack of emphasis on fiscal and legislative measures to mitigate domestic shipping vulnerabilities has exacerbated the situation.

In light of this situation, the Malaysia Shipping Master Plan 2017-2022 has been launched by the Ministry of Transport of Malaysia in an effort to strengthen and revitalise the Malaysian shipping industry to meet the challenges of the future. Commitment from both the government and industry will be secured to make necessary changes and adopt new practices to re-orient the Malaysian shipping sector towards a more synergistic partnership, aligned with overall national transport aspirations.

(Source: Malaysia Shipping Master Plan 2017-2022 report, Ministry of Transport)

Water transport segment expanded 2.1% in the period of September to December 2017 (October to December 2016: 1.1%) in tandem with higher trade-related activities. However, total volume of containers handled at seven major ports declined 6.1% to 5.9 million twenty-foot equivalent units (TEUs) (October to December 2016: 2.3%; 6.3 million TEUs). Volume handled at Port Klang declined 13.6% to 2.9 million TEUs accounting for 49.9% of total containers handled (October to December 2016: 9.9%; 3.4 million TEUs; 54.2%). Nevertheless, volume handled at Port of Tanjung Pelepas, constituting 36.2% to total containers handled, rebounded 1.3% to 2.1 million TEUs (October to December 2016: 33.5%; -9.7%; 2.1 million TEUs).

(Source: Quarterly update on the Malaysian Economy – 4th quarter 2017, Ministry of Finance Malaysia)

The transport and storage subsector is anticipated to expand 5.8% in 2018 before recording 5.5% in 2019 led by the land transport segment. The water transport segment is forecast to expand supported by port-related activities in line with steady trade performance as well as improvement and expansion of several major ports. Nevertheless, the segment faces issues of realignment of global shipping alliances primarily due to cost competitiveness.

(Source: Economic Outlook 2019, Ministry of Finance Malaysia)

7.3 Prospects of our Group

Our Group has been in the dry bulk business since 2007 and and is one of the major players within the niche segment for provision of barge logistics services of between 8,000 metric tonnes to 10,000 metric tonnes of bulk cargoes per shipment in the Southeast Asian Region. As at the LPD, our Group has a fleet of 23 sets of tugs and barges that geographically operates within the Southeast Asian region, plying the trading routes of amongst others, Indonesia, Philippines, Vietnam, Cambodia and Thailand. Cargo for each voyage mainly comprises bulk based commodities such as coal, gypsum, palm kernel shells, scrap metal and sand. The routes plied by the dry bulk shipping tugs and barges are flexible and can be varied in accordance with market demand as each voyage caters to a single customer per shipment. The ability of our operations to streamline costs and maximise profitability by optimizing our routing and scheduling of cargo has allowed the division to achieve a high level of vessel utilisation whilst still successfully gaining and maintaining market share.

Our dry-bulk business has been profitable based on our latest unaudited 9 months FPE 30 June 2018. For the past 2 audited FYE 30 September 2016 and FYE 30 September 2017 as well as unaudited 9 months FPE 30 June 2018, our dry-bulk business recorded revenue of approximately RM86.9 million, RM94.1 million and RM74.4 million respectively. Meanwhile, the segmental profit/loss after tax from our dry-bulk business for the past 2 audited FYE 30 September 2016 and FYE 30 September 2017 as well as unaudited 9 months FPE 30 June 2018 were approximately RM3.8 million in profits, RM5.5 million in losses and RM2.2 million in profits respectively. The segmental loss recorded for the dry-bulk segment in FYE 30 September 2017, was due to mainly foreign exchange losses of RM2.5 million and costs related to our redeemable convertible notes programme during the financial year which of RM4.4 million.

Our Company has successfully established various new routing opportunities through increased marketing efforts and cemented long standing relationships with various pre-existing dry bulk clients as well as fresh affiliations with new clients for our dry bulk business. This has allowed our dry bulk business to shift from only performing "North-South" routes from Indonesia to Thailand, Cambodia, Vietnam, Philippines and return, to also performing "East-West" routes from Thailand to Vietnam and Philippines and return. The latest routes introduced into our Group's operations include the transportation of woodchip from Singapore to Thailand and Philippines. The additional routes allow us to expand our services by enabling us to carry new types of cargo. These will contribute positively to the revenue and earnings growth of our Group. Aside from this, the acquisition of the 2 new barges which will be financed via the proceeds from the Rights Issue with Warrants will result in an increase in our total capacity, which will consequently enhance our flexibility in the positioning of our barge sets while enabling our Company to reduce the turnaround time required between discharging cargo and picking up cargo from the next customer. The greater fleet size will also strengthen our scheduling program by providing us with enhanced flexibility to respond to any increased demand for barge logistics. These will consequently contribute positively to the revenue and earnings growth of our Group.

In view of the moderate growth in the global economy, our Group expects the Malaysian economy to be able to overcome its economic challenges. Our Group possesses a loyal customer base through our strive for excellence in customer service and we will continue to focus on the strategies that have been chartered for our Group which, amongst others is to strengthen the existing businesses through the provision of high quality customer service whilst ensuring that our Group is in a healthy cash flow position to overcome future challenges.

The Rights Issue with Warrants is further expected to allow our Group to focus our resources on the dry-bulk business by enabling our Group to rationalize our financial position through reduction of our Group's borrowings for the container shipping division and thus our Group's finance cost. It will also enable our Group to finance the acquisition of barges for the expansion of our business which is expected to contribute positively to our Group's earnings growth.

(Source: Management of Hubline and the annual report of Hubline for FYE 30 September 2017)

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8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

For the purpose of this section, in view of the Undertakings and the Underwriting Agreement, the effects on the Rights Issue with Warrants on the ensuing sections shall reflect a full subscription basis. The minimum scenario as disclosed in our circular to shareholders dated 8 October 2018 does not apply as any remaining balance of the Rights Shares not subscribed by our Entitled Shareholders and/or not undertaken by Undertaking Shareholders, shall be fully underwritten by the Underwriter.

For the past 6 months up to the LPD, Hubline Shares have been traded between RM0.040 to RM0.100, with the lowest closing market price of Hubline market shares being RM0.040. As at the LPD, the closing market price of Hubline Shares was RM0.045. Therefore, the Warrants A and Warrants B with the respective exercise price of RM3.20 and RM0.20 are currently 'out-of-the-money'. Therefore, the illustration of the financial effects of the Rights Issue with Warrants have assumed none of the outstanding Warrants A and Warrants B to be exercised prior to the Entitlement Date.

8.1 Issued and paid-up share capital

The pro forma effects of the Rights Issue with Warrants and Notes Issue on Hubline's issued and paid-up share capital are as follows:

	No. of Hubline Shares	RM
Total existing issued and paid-up share capital as at the LPD (1)	2,362,773,778	164,958,415
To be issued pursuant to:		
- Subscription of Rights Shares pursuant to the Rights Issue with Warrants (2)	1,417,256,368	52,438,486
- Conversion of the Notes in pursuant to the Notes Issue (3)	4,000,000,000	200,000,000
- Full exercise of the Warrants C pursuant to the Rights Issue with Warrants (4)	944,837,579	51,966,067
Enlarged and paid-up issued share capital	**8,724,867,725**	**469,362,968**

Notes:

(1) Including 679,830 treasury shares held by our Company as at the LPD.
(2) Computed based on the issue price of RM0.0370 per Rights Share.
(3) Assuming full conversion of the Notes at the minimum conversion price of RM0.05.
(4) Computed based on the exercise price of RM0.0550 per Warrant C.

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8.2 NA and gearing

For illustrative purposes, based on our Company's audited consolidated statements of financial position, the pro forma effects of the Rights Issue with Warrants and Notes Issue on the NA and gearing of our Group are as set out below:

Group Level	Audited as at 30 September 2017	I	II	III	IV	V
		Adjusted for subsequent events up to the LPD [2]	After I and the Rights Issue with Warrants [3]	After II and issuance of Notes	After III and full conversion of Notes	After IV and full conversion of Warrants C [7]
	RM	RM	RM	RM	RM	RM
Share Capital	99,070,098	164,958,415	217,396,901	217,396,901	[10] 417,396,901	[11] 469,362,968
Treasury Shares	(4,192,396)	(4,192,396)	(4,192,396)	(4,192,396)	(4,192,396)	(4,192,396)
Warrant Reserves	90,693,255	90,693,255	[4] 118,093,545	118,093,545	118,093,545	[12] 90,693,255
Capital Reserves	(58,625,363)	(58,625,363)	[4] (86,025,653)	(86,025,653)	(86,025,653)	(58,625,363)
Foreign Currency Translation Reserves	(14,533,465)	(14,533,465)	(14,533,465)	(14,533,465)	(14,533,465)	(14,533,465)
Accumulated Losses	(39,272,317)	(39,272,317)	[5] (40,411,039)	[7] (50,570,039)	(50,570,039)	(50,570,039)
Estimated Equity Component of the Notes	1,215,599	-	-	[8] 26,241,961	-	-
Total equity attributable to owners of the Company / Net assets	**74,355,411**	**139,028,129**	**190,327,893**	**206,410,854**	**380,168,893**	**432,134,960**
Total issued shares [1]	1,271,201,274	2,362,093,948	3,779,350,316	3,779,350,316	7,779,350,316	8,724,187,895
Net assets per Share	0.06	0.06	0.05	0.05	0.05	0.05
Borrowings	131,732,956	126,132,428	[6] 106,132,428	[9] 201,603,531	36,132,428	36,132,428
Gearing Ratio (times)	1.77	0.91	0.56	0.98	0.10	0.08

Notes:

(1) *Excluding 679,830 treasury shares held by our Company.*

(2) *After adjusting for the issuance of 214,735,813 new Hubline Shares at an issue price of RM0.1010 each in February 2018 pursuant to a private placement exercise and issuance of 876,156,861 new Hubline Shares pursuant to the conversion of Notes in relation to our redeemable convertible notes programme in 2017.*

(3) *Computed based on 1,417,256,368 Rights Shares subscribed at an issue price of RM0.0370 per Rights Share.*

(4) *After adjusting for the theoretical fair value of RM0.0290 per Warrant C to be issued pursuant to the Rights Issue with Warrants credited from capital reserve. The fair value is derived using the Black-Scholes options pricing model as extracted from Bloomberg.*

(5) *After deducting estimated expenses of approximately RM1.1 million to be incurred in relation to the Rights Issue with Warrants.*

(6) *Based on the assumption of the repayment of the estimated credit facilities from bank(s)/financial institution(s) of RM20.0 million derived from the proceeds of the Rights Issue with Warrants as disclosed under Section 5 of this Abridged Prospectus.*

(7) *After deducting estimated expenses of approximately RM10.2 million incurred in relation to the Notes Issue.*

(8) *Being the fair value of the equity component of the Notes of RM34,528,897, deducting the deferred tax adjustment on equity component of the Notes of RM8,286,935 based on MFRS 132.*

(9) *The liability component of the Notes is determined based on the assumption that the coupon payments of RM200.0 million Notes issued under the Notes Issue are discounted to its present value at a rate of 5.0% with a coupon rate of 1% in accordance with MFRS 132. Also assuming the repayment of the estimated credit facilities from bank(s)/financial institution(s) of RM70.0 million derived from the proceeds of the Notes Issue.*

(10) *Assuming full conversion of all 5 tranches of the Notes amounting of 4,000,000,000 Conversion Shares at the minimum conversion price of RM0.05.*

(11) *Assuming full exercise of 944,837,579 Warrants C at the exercise price of RM0.0550 per Warrant C upon the full exercise of Warrants C.*

(12) *Transfer of fair value of Warrants C to capital reserve upon full conversion of the Warrants C.*

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8.3 Earnings and EPS

The completion of the Rights Issue with Warrants will result in an immediate dilution in our Group's consolidated EPS as a result of the increase in the number of our shares in issue. Nevertheless, the Rights Issue with Warrants is expected to contribute positively to the earnings of our Group in the future financial years when the benefits of the utilisation of proceeds from the Rights Issue with Warrants, as set out in Section 5 of this Abridged Prospectus, are realised.

The impact of the Rights Issue with Warrants on the earnings and consolidated EPS of our Group is dependent on, amongst others, the actual number of Rights Shares and the potential benefits to be derived from the use of proceeds raised from the Rights Issue with Warrants.

The effect of any exercise of Warrants C on our Group's consolidated EPS would depend on the returns generated by our Group from the use of proceeds arising from the exercise of the Warrants C.

For illustration purposes, based on the latest audited financial statements of our Group for the FYE 30 September 2017, the loss per share of our Group upon the completion of the Rights Issue with Warrants shall be as follows:

	Audited as at 30 September 2017	(I) Adjusted for subsequent events up to the LPD [(2)]	(II) After I and the Rights Issue with Warrants	(III) After II and issuance of Notes	(IV) After III and full conversion of Notes	(V) After IV and full conversion of Warrants C
	RM	RM	RM	RM	RM	RM
Loss after tax attributable to our equity holders (RM)	(19,631,250)	(19,631,250)	[(3)] (20,769,972)	[(4)] (30,928,972)	(30,928,972)	(30,928,972)
No. of Hubline Shares in issue [(1)]	1,271,201,274	2,362,093,948	3,779,350,316	3,779,350,316	7,779,350,316	8,724,187,895
No. of warrants in issue	[(5)] 247,677,883	[(5)] 247,677,883	[(6)] 1,211,365,283	[(6)] 1,211,365,283	[(6)] 1,211,365,283	[(7)] 266,527,704
Basic LPS (sen)	(1.54)	(0.83)	(0.55)	(0.82)	(0.40)	(0.35)
Diluted LPS (sen)	[(8)] (1.54)	[(8)] (0.83)	[(8)] (0.55)	[(8)] (0.82)	[(8)] (0.40)	[(8)] (0.35)

Notes:

(1) *Excluding 679,830 treasury shares held by the Company.*

(2) *After adjusting for the issuance of 214,735,813 new Hubline Shares at an issue price of RM0.1010 each in February 2018 pursuant to a private placement exercise and issuance of 876,156,861 new Hubline Shares pursuant to the conversion of Notes in relation to Hubline's redeemable convertible notes programme in 2017.*

(3) *After deducting estimated expenses of approximately RM1.1 million incurred in relation to the Rights Issue with Warrants.*

(4) *After deducting estimated expenses of approximately RM10.2 million incurred in relation to the Notes Issue.*

(5) *Inclusive of 93,724,014 Warrants A and 153,953,869 Warrants B.*

(6) *Inclusive of 93,724,014 Warrants A, 153,953,869 Warrants B, 7,132,978 Additional Warrants A, 11,716,843 Additional Warrants B and 944,837,579 Warrants C.*

(7) *Inclusive of 93,724,014 Warrants A, 153,953,869 Warrants B, 7,132,978 Additional Warrants A and 11,716,843 Additional Warrants B.*

(8) *As per paragrah 47 of MFRS 133 "Earnings Per Share", warrants have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the warrants (ie. they are "in-the-money"). Hence, dilutive EPS is not applicable since Warrants A, Warrants B, Additional Warrants A, Additional Warrants B and Warrants C are not in-the-money.*

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8.4 Convertible Securities

Save as disclosed below and the issuance of Notes pursuant to the Notes Issue, the Company does not have any other outstanding convertible securities as at the LPD:

(i) Warrants A:

The Rights Issue with Warrants may give rise to adjustments to the exercise price and/or number of outstanding Warrants A held by each holder of the Warrants A pursuant to the Deed Poll A.

Any adjustments will be made in accordance with the provisions of the Deed Poll A to mitigate any potential equity dilution resulting from the Rights Issue with Warrants to ensure that the status of the existing holders of the outstanding Warrants A are not prejudiced after the completion of the Rights Issue with Warrants. Any necessary adjustments arising from the Rights Issue with Warrants in relation to the outstanding Warrants A will only be finalised on the Entitlement Date for the Rights Issue with Warrants. The details of the actual adjustments shall be announced at a later date and a notice will be despatched to the holders of Warrants A in the event of any such adjustment within 21 Market Days of such adjustments.

(ii) Warrants B:

The Rights Issue with Warrants may give rise to adjustments to the exercise price and/or number of outstanding Warrants B held by each holder of the Warrants B pursuant to the Deed Poll B.

Any adjustments will be made in accordance with the provisions of the Deed Poll B to mitigate any potential equity dilution resulting from the Rights Issue with Warrants to ensure that the status of the existing holders of the outstanding Warrants B are not prejudiced after the completion of the Rights Issue with Warrants. Any necessary adjustments arising from the Rights Issue with Warrants in relation to the outstanding Warrants B will only be finalised on the Entitlement Date for the Rights Issue with Warrants. The details of the actual adjustments shall be announced at a later date and a notice will be despatched to the holders of Warrants B in the event of any such adjustment within 21 Market Days of such adjustments.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue with Warrants, proceeds from the Notes Issue*, particularly the issuance of the Tranche 1 Notes, cash in hand, funds generated from our operation and banking facilities available, our Group will have adequate working capital to meet our operation requirements for the next 12 months from the date of this Abridged Prospectus.

Note:

* *Please refer to Section 2.6 on the details of the Notes Issue.*

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of RM94.2 million, all of which are interest-bearing, with details as follows:

	[1]Total (RM'000)
Secured Short Term Borrowings:	
Revolving credit	250
Invoice Financing	16,411
Term Loan (denominated in MYR)	8,173
Term Loan (denominated in USD)	[2]14,129
Sub-total	**38,963**
Secured Long Term Borrowings:	
Term Loan (denominated in MYR)	40,826
Term Loan (denominated in USD)	[2]14,449
Sub-total	**55,275**
Total borrowings	**94,238**

Notes:

(1) The above figures have not been audited.

(2) Based on the exchange rate applied of USD1.00:RM4.1755, being the middle rates prevailing at 5.00 p.m. on the LPD, as published by Bank Negara Malaysia, for illustration purposes. The outstanding principal amount as at the LPD is USD6,844,085.

As at the LPD, our Group has foreign borrowings comprising USD denominated term loans of approximately USD6,844,085 equivalent to approximately RM28,577,477 based on Bank Negara Malaysia's exchange rate as at the LPD of USD1:RM4.1755, which forms part of our Group's short-term and long-term borrowings. Apart from that, our Group has no other borrowings in foreign currency. Save as disclosed above, we do not have any other borrowings as at the LPD.

Our Group has not defaulted and after having made all reasonable enquiries and to the best knowledge of our Board, there are no known event that could give rise to a default on payments of either interest or principal sums in respect of our Group's borrowings for the FYE 30 September 2017 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred by our Group, which may, upon becoming enforceable, have a material adverse effect on our Group's financial results or financial position.

9.4 Material commitments

Save as disclosed below, as at the LPD, there are no material commitments incurred or known to be incurred by our Group which may have a material adverse effect on our Group's financial results or financial position.

Material commitments	Amount RM'000
Authorised and contracted for:	
1 tug	2,700
2 barges	20,000
Total	22,700

The tug is expected to be delivered in November 2018 and will be funded via funds raised from our private placement programme completed in February 2018. The 2 barges have been committed for a total of RM20.0 million and will be funded via the Rights Issue with Warrants as detailed in Section 5 of this Abridged Prospectus.

10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS C, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS C AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) OR TRANSFEREE(S), IF APPLICABLE, ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

10.1 General

The Provisional Rights Shares with Warrants C are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in such Provisional Rights Shares with Warrants C will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renouncee(s) or transferee(s), if applicable, are required to have valid and subsisting CDS Accounts when making your applications to subscribe for the Rights Shares with Warrants C.

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants C which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue with Warrants (fractional allotment, if any, will be dealt with in such manner as our Board at its absolute discretion deems fit or expedient and in the best interest of our Company). You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares with Warrants C into your CDS Account and the RSF to enable you to subscribe for Provisional Rights Shares with Warrants C, as well as to apply for excess Rights Shares with Warrants C if you choose to do so.

10.2 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Rights Shares with Warrants C is at **5.00 p.m. on 7 December 2018**. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

10.3 Procedure for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares with Warrants C must be made on the RSF, a copy which is issued with this Abridged Prospectus, and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances and/or payments which do not strictly conform to the terms and conditions of this Abridged Prospectus or the RSF together with notes and instructions printed in the RSF or which are illegible may not be accepted at the absolute discretion of our Board.

If you wish to accept your entitlement to the Provisional Rights Shares with Warrants C, either in full or in part, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions provided in the RSF. Thereafter, please send each completed and signed RSF with the appropriate remittance either by ORDINARY POST, COURIER or DELIVERED BY HAND by using the reply envelope enclosed with this Abridged Prospectus (at your own risk) to our Share Registrar at the following address:

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel no : 03-2084 9000
Fax no : 03-2094 9940 / 2095 0292
Email: info@sshsb.com.my

so as to arrive **not later than 5.00 p.m. on 7 December 2018**, being the last date and time for acceptance and payment for the Provisional Rights Shares with Warrants C.

1 RSF can only be used for acceptance of Provisional Rights Shares with Warrants C standing to the credit of 1 CDS Account. Separate RSF(s) must be used for the acceptance of the Provisional Rights Shares with Warrants C standing to the credit of more than 1 CDS Account(s). If successful, the Rights Shares with Warrants C subscribed for will be credited into your respective CDS Account(s) where the Provisional Rights Shares with Warrants C are standing to the credit, in accordance with the procedures as set out in the RSF.

A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF by our Share Registrar for the Rights Shares with Warrants C, you are advised to use 1 reply envelope for each completed RSF.

If you do not wish to accept the Provisional Rights Shares with Warrants C in full, you are entitled to accept of your entitlements that can be subscribed/applied for. You should take note that a trading board lot for the Rights Shares and Warrants C comprises 100 Rights Shares and 100 Warrants C, respectively. The minimum number of Rights Shares that can be subscribed for or accepted is 1 Rights Share. Fractions of the Rights Shares and/or Warrants C, if any, will be disregarded, and will be dealt with by our Board in such manner at its absolute discretion as it may deem fit and expedient, and to be in the best interest of our Company.

If acceptance of and payment for the Provisional Rights Shares with Warrants C is not received by our Share Registrar by **5.00 p.m. on 7 December 2018**, being the last time and date for acceptance of and payment, the said Provisional Rights Shares with Warrants C will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. In the event that the Rights Shares with Warrants C are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants C to the applicants who have applied for the excess Rights Shares with Warrants C in the manner as set out in Section 10.5 of this Abridged Prospectus

If you or your renouncee(s) or transferee(s). if applicable. lose, misplace or for any other reasons require another copy of this Abridged Prospectus or the RSF, you may obtain additional copies from your stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website at http://www.bursamalaysia.com.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares with Warrants C accepted in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia must be made payable to "**HUBLINE RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and CDS Account number so as to be received by the Share Registrar not later than the last date and time for acceptance and payment as set out in the cover page of this Abridged Prospectus. The remittance must be made in the exact amount payable for the Provisional Rights Shares with Warrants C accepted (rounded up to the nearest sen). Cheques or any other mode(s) of payment are not acceptable.

Applications accompanied by payments other than in the manner stated above or with excess or insufficient remittances may or may not be accepted at the absolute discretion of our Board. Details of the remittances must be filled in the appropriate boxes provided in the RSF

Our Board reserves the right not to accept any application or to accept in part only any application accompanied by payment other than in the manner prescribed in this Abridged Prospectus or which is otherwise howsoever incomplete or not in order, without assigning any reason.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS C, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEE(S) OR TRANSFEREE(S), IF APPLICABLE, AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS C.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

IN RESPECT OF UNSUCCESSFUL OR LATE APPLICATIONS OR PARTIALLY SUCCESSFUL APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS C BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK.

10.4 Procedure for sale/transfer of Provisional Rights Shares with Warrants C

The Provisional Rights Shares with Warrants C are renounceable and will be traded on Bursa Securities commencing from 23 November 2018 up to and including 29 November 2018. As such, you and/or your renouncee(s) or transferee(s), if applicable, may sell and/or transfer all or part of your/their entitlements to the Rights Shares with Warrants C.

As the Provisional Rights Shares with Warrants C are prescribed securities, you and/or your renouncee(s) or transferee(s), if applicable, who wish to dispose of all or part of your entitlements to the Rights Shares with Warrants C may do so immediately through your/their stockbroker for the period up to the last day of trading of the Provisional Rights Shares with Warrants C on 29 November 2018, without first having to request for a split of the Provisional Rights Shares with Warrants C standing to the credit of your/their CDS Accounts.

To dispose of all or part of your provisional entitlements to the Rights Shares with Warrants C, you and/or your renouncee(s) or transferee(s), if applicable, may sell such entitlements on the open market of Bursa Securities or transfer such entitlements to such persons as may be allowed under the Rules of Bursa Depository.

IN SELLING AND/OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS SHARES WITH WARRANTS C, YOU AND/OR YOUR RENOUNCEE(S) OR TRANSFEREE(S), IF APPLICABLE, NEED NOT DELIVER AND DOCUMENT (INCLUDING THE RSF), TO THE STOCKBROKER. HOWEVER, YOU AND/OR YOUR RENOUNCEE(S) OR TRANSFEREE(S), IF APPLICABLE, MUST ENSURE THAT YOU HAVE SUFFICIENT PROVISIONAL RIGHTS SHARES WITH WARRANTS C STANDING TO THE CREDIT OF YOUR CDS ACCOUNTS THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE AND/OR TRANSFER.

If you and/or your renouncee(s) or transferee(s), if applicable, have disposed of and/or transferred only part of your/their entitlements of the Rights Shares with Warrants C, you/they may still accept the balance of your/their entitlements of the Rights Shares with Warrants C by completing Parts I(A) and II of the RSF and forwarding the RSF together with the relevant payment for the balance of your/their entitlements to the Share Registrar in accordance with the instructions as set out in Section 10.3 of this Abridged Prospectus.

IF YOU AND/OR YOUR RENOUNCEE(S) OR TRANSFEREE(S), IF APPLICABLE, SELL AND/OR TRANSFER ALL OR PART OF YOUR/THEIR PROVISIONAL RIGHTS SHARES WITH WARRANTS C, YOU OR THEY WILL AUTOMATICALLY BE DISPOSING YOUR/THEIR ENTITLEMENTS TO THE PROVISIONAL RIGHTS SHARES WITH WARRANTS C.

YOU AND/OR YOUR RENOUNCEE(S) OR TRANSFEREE(S), IF APPLICABLE, ARE ADVICED TO READ AND ADHERE TO THE RSF TOGETHER WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

Purchaser(s) of the Provisional Rights Shares with Warrants C may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website at http://www.bursamalaysia.com

10.5 Procedure for Excess Application

If you and/or your renouncee(s) or transferee(s), if applicable, wish to apply for excess Rights Shares with Warrants C of those provisionally allotted to you, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants C applied for, to our Share Registrar **not later than 5.00 p.m. on 7 December 2018**, being the last time and date for acceptance and payment.

Payment under the Excess Application should be made in the same manner as described in Section 10.3 of this Abridged Prospectus and in the form of banker's draft(s)/ cashier's order(s)/ money order(s) or postal order(s) drawn on a bank or post office in Malaysia made payable to "**HUBLINE EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and CDS Account number so as to be received by the Share Registrar not later than the last date and time for the Excess Application and payment as set out in the cover page of the Abridged Prospectus Cheques or any other mode(s) of payment are not acceptable.

It is the intention of our Board to allot the excess Rights Shares with Warrants C, if any, in a fair and equitable manner in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants C, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company on the Entitlement Date;

(iii) thirdly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants C, on a pro-rata basis and in board lots, calculated based on the quantum of their respective excess application; and

(iv) finally, for allocation to the transferee(s) and/or renouncee(s) who have applied for excess Rights Shares with Warrants C, on a pro-rata basis and in board lots, calculated based on the quantum of their respective excess application.

In the event there is any remaining balance of excess Rights Shares with Warrants C after the steps (i) to (iv) above have been carried out, the process in steps (ii) to (iv) above will be repeated in the same sequence again until all remaining excess Rights Shares with Warrants C have been allocated.

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Warrants C applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company, subject always to such allocation being made in a fair and equitable basis and that the intention of our Board as set out in (i) to (iv) above is achieved. Our Board also reserves the right to accept any excess Rights Shares with Warrants C application, in full or in part, without assigning any reason.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF FOR THE EXCESS APPLICATION OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS C. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS C, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEE(S) OR TRANSFEREE(S), IF APPLICABLE, AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE AND TIME FOR THE EXCESS APPLICATION AND PAYMENT.

IN RESPECT OF UNSUCCESSFUL OR LATE APPLICATIONS OR PARTIALLY SUCCESSFUL EXCESS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTERST WITHIN 15 MARKET DAYS FROM THE LAST DATE AND TIME FOR THE EXCESS APPLICATION AND PAYMENT BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK.

10.6 Procedure for acceptance by renouncee(s) or transferee(s)

The procedures applicable to renouncee(s) or transferee(s) for the acceptance and payment for selling/transferring of the Provisional Rights Shares with Warrants C and the application and payment for the excess Rights Shares with Warrants C are the same as those which applicable to our Entitled Shareholders as described in Sections 10.2, 10.3, 10.4, 10.5 and 10.8 of this Abridged Prospectus. Please refer to the relevant Sections for the procedures to be followed.

You may obtain additional copies from your stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website at http://www.bursamalaysia.com

10.7 Form of issuance

Bursa Securities has prescribed that our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants C are prescribed securities and as such, the SICDA and the Rules of Bursa Depository will apply to the dealings in the Rights Shares with Warrants C.

You are required to have valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants C.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share certificate or warrant certificate will be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares with Warrants C will be credited directly into your CDS Accounts.

Any person who intends to subscribe for the Rights Shares with Warrants C as renouncee(s) or transferee(s) by purchasing the Provisional Rights Shares with Warrants C from an Entitled Shareholder will have his/its Rights Shares with Warrants C credited directly as prescribed securities into his/its CDS accounts.

If you have multiple CDS Accounts into which the Provisional Rights Shares with Warrants C have been credited, you cannot use a single RSF to apply for all these Provisional Rights Shares with Warrants C. Separate RSF must be used if you have more than 1 CDS Account having been credited with the Provisional Rights Shares with Warrants C. If successful, the Rights Shares with Warrants C that you applied for will be credited into the respective CDS Accounts into which the Provisional Rights Shares with Warrants C have been credited.

10.8 Laws of foreign jurisdictions

This Abridged Prospectus and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved under any legislation (or with or by any regulatory authorities or other relevant bodies) for subscription of any foreign jurisdiction other than Malaysia. The Rights Issue with Warrants will not be made or offered for subscription in any foreign jurisdiction other than Malaysia.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be despatched to the foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, may collect this Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar will be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue with Warrants.

Foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

Kenanga IB, the Share Registrar our Company and our Directors, officers and our other professional advisers (collectively known as "**Parties**") would not, in connection with the Rights Issue with Warrants, be in breach of, responsible and liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, are or may be subject to. Foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. The Parties will not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and the Parties shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against the Parties in respect of their rights, entitlements or any net proceeds arising from the Rights Issue with Warrants. Such foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal or regulatory requirements to enable them to exercise their rights in relation to the Rights Issue with Warrants.

By signing the RSF, the foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, are deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and declarations will be relied upon by) the Parties that:

(i) The Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or their renouncee(s) or transferee(s), if applicable, is or may be subject to;

(ii) the foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Rights Shares with Warrants C;

(iii) the foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, are not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Rights Shares with Warrants C be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, are aware that the Provisional Rights Shares with Warrants C can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt in any way in accordance with all applicable laws in Malaysia;

(v) the foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, have received a copy of this Abridged Prospectus and have read and understood the contents of this Abridged Prospectus and relied on their own evaluation to assess the merits and risks of the investment; and

(vi) the foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants C, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants C.

Persons receiving this Abridged Prospectus, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he/it must not seek to accept the offer unless he/it has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants C from any such application by foreign Entitled Shareholders and/or their renouncee(s) or transferee(s), if applicable, in any jurisdiction other than Malaysia.

Our Company reserves the right, in their absolute discretion, to treat any acceptance of the Rights Shares with Warrants C as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants C pursuant to the Rights Issue with Warrants is governed by the terms and conditions set out in this Abridged Prospectus, the Deed Poll C, the NPA and the RSF enclosed herewith.

12. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully
For and behalf of the Board of
HUBLINE BERHAD

DENNIS LING LI KUANG
Chief Executive Officer / Managing Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 23 OCTOBER 2018

HUBLINE BERHAD

COMPANY NO. 23568-H
INCORPORATED IN MALAYSIA

Extract from the Minutes of the Extraordinary General Meeting ("**EGM**") of Hubline Berhad ("**Hubline**" or "**Company**") held at Dewan Muhibbah, 2nd Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg, 93000 Kuching, Sarawak, Malaysia on Tuesday, 23 October 2018 at 11.00 a.m.

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,417,256,368 NEW ORDINARY SHARES IN HUBLINE ("RIGHTS SHARE(S)") ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FIVE (5) ORDINARY SHARES HELD IN HUBLINE ("HUBLINE SHARE(S)"), TOGETHER WITH UP TO 944,837,579 FREE DETACHABLE NEW WARRANTS ("WARRANT(S) C") ON THE BASIS OF TWO (2) WARRANTS C FOR EVERY THREE (3) RIGHTS SHARES SUBSCRIBED, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

RESOLVED :

"**THAT**, subject to the approvals of all relevant authorities being obtained for the admission of the Warrants C to the Official List of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the listing of and quotation for the Rights Shares, Warrants C, Additional Warrants A (as defined herein), Additional Warrants B (as defined herein) as well as the new Hubline Shares to be issued arising from the exercise of the Warrants C, Additional Warrants A and Additional Warrants B on the Main Market of Bursa Securities, the Board of Directors of the Company ("**Board**") be and is hereby authorised to:-

(i) provisionally allot and issue by way of a renounceable rights issue of up to 1,417,256,368 Rights Shares together with up to 944,837,579 Warrants C on the basis of three (3) Rights Shares for every five (5) Hubline shares held and two (2) Warrants C for every three (3) Rights Shares subscribed by the shareholders of whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board ("**Entitled Shareholders**"), for such purpose and utilisation of proceeds as disclosed in the circular to shareholders of the Company dated 8 October 2018 ("**Circular**").

(ii) determine the final issue price of the Rights Shares after taking into consideration, amongst others, the following:-

   (a) the theoretical ex-rights price ("**TERP**") of Hubline Shares based on the five (5)-day volume weighted average market price ("**VWAP**") of Hubline Shares immediately preceding the price fixing date, with a discount within the range of 10% to 50% to the TERP to be determined and fixed by the Board at a later date;

   (b) the prevailing market conditions which include, amongst others, market sentiments and volatility of the Malaysian stock market; and

   (c) funding requirements of Hubline Group as set out in Section 3, Part A of the Circular.

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 23 OCTOBER 2018 (*CONT'D*)

HUBLINE BERHAD

COMPANY NO. 23568-H
INCORPORATED IN MALAYSIA

(iii) determine the final exercise price of the Warrants C after taking into consideration, among others, the TERP of Hubline Shares based on the 45 days-VWAP of Hubline Shares immediately preceding the price-fixing date;

(iv) enter into and execute the deed poll constituting the Warrants C ("**Deed Poll C**") and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll C;

(v) allot and issue any such additional Warrants 2009/2019 ("**Warrant(s) A**") as may be required or permitted to be issued as a consequence of the adjustments under the provisions in the deed poll executed by the Company dated 28 September 2009 constituting Warrants A and the supplemental deed polls dated 20 January 2012, 3 September 2012 and 8 February 2017 (collectively referred to as the "**Deed Poll A**") ("**Additional Warrant(s) A**"); and

(vi) allot and issue any such additional Warrants 2015/2020 ("**Warrant(s) B**") as may be required or permitted to be issued as a consequence of the adjustments under the provisions in the deed poll executed by the Company dated 12 November 2015 constituting Warrants B and the supplemental deed poll dated 8 February 2017 (collectively referred to as the "**Deed Poll B**") ("**Additional Warrant(s) B**").

"**THAT**, the Board be and is hereby authorised to deal with any fractional entitlements of the Rights Shares, unsubscribed Rights Shares, Warrants C, Additional Warrants A and Additional Warrants B that may arise from the Proposed Rights Issue with Warrants, in a fair and equitable manner as they shall in their absolute discretion deem fit and expedient and in the best interest of the Company;

THAT the Rights Shares which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncee(s). The Board be and is hereby authorised to allocate such excess Rights Shares on a basis as the Board shall at its absolute discretion as it may deem fit or in the best interest of the Company;

THAT the proceeds from the Proposed Rights Issue with Warrants be utilised in the manner as set out in Section 3 of the Circular, and the Board be and is hereby authorised with full power to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board, may at its absolute discretion, deem fit, necessary, expedient and/or in the best interest of the Company, subject to the approval of the relevant authorities, where required;

THAT the Board be and is hereby authorised to allot and issue such appropriate number of Warrants C in accordance with the provisions of the Deed Poll C, including any additional Warrants C as may be required or permitted to be issued as consequences of any adjustments in accordance with the provisions in the Deed Poll C;

THAT approval be and is hereby given to the Board to allot and issue new Hubline Shares pursuant to the exercise of the Warrants C;

THAT the Board be and is hereby authorised to enter into and execute the Deed Poll C with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board, and subject to all provisions and adjustments contained in the Deed Poll C, to assent to any modifications and/or amendment to the exercise price, exercise period and/or number of Warrants C as may be required or permitted to be revised as consequence of any adjustments under the provisions of the Deed Poll C with full power to implement and give

HUBLINE BERHAD

COMPANY NO. 23568-H
INCORPORATED IN MALAYSIA

effects to the terms and conditions of the Deed Poll C, and to take all steps as the Board deems fit or expedient in order to implement, finalise and give full effect to the terms and conditions of the Deed Poll C;

THAT the Board be and is hereby authorised to issue and allot such appropriate number of new Hubline Shares arising from the exercise of the Additional Warrants A and Additional Warrants B by the holders of the Additional Warrants A and Additional Warrants B in accordance with the provisions of the Deed Poll A and Deed Poll B respectively;

THAT, such Additional Warrants A and Additional Warrants B are constituted by the terms and conditions of the Deed Poll A and Deed Poll B, respectively;

THAT, the Company shall allot and issue such appropriate number of new Hubline Shares arising from the exercise by the holders of Warrants C, Additional Warrants A and Additional Warrants B in accordance with the provisions in the Deed Poll C, Deed Poll A and Deed Poll B respectively;

THAT, the Rights Shares will upon allotment and issue, rank *pari passu* in all respects with the then existing Hubline Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such Rights Shares;

THAT, the new Hubline Shares to be issued arising from the exercise of the Warrants C, will upon the allotment and issue, rank pari passu in all respects with the then existing Hubline Shares, save and except that such Hubline Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the relevant date of allotment and issue of such Hubline Shares;

THAT, the Additional Warrants A to be issued shall upon, allotment and issue, rank *pari passu* in all respects with the outstanding Warrants A;

THAT, the Additional Warrants B to be issued shall upon, allotment and issue, rank *pari passu* in all respects with the outstanding Warrants B;

THAT, the new Hubline Shares to be issued arising from the exercise of the Additional Warrants A, upon the allotment and issue, rank pari passu in all respects with the then existing Hubline Shares, save and except that such Hubline Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the relevant date of allotment and issue of such Hubline Shares;

THAT, the new Hubline Shares to be issued arising from the exercise of the Additional Warrants B, upon the allotment and issue, rank pari passu in all respects with the then existing Hubline Shares, save and except that such Hubline Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the relevant date of allotment and issue of such Hubline Shares;

AND THAT the Board be and is hereby authorised to sign and execute all documents to give effect to the Proposed Rights Issue with Warrants with full power to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities and to take all steps and do all acts and things in the manner as the Board may consider necessary or expedient in order to implement, finalise and give full effect to the Proposed Rights Issue with Warrants."

HUBLINE BERHAD

COMPANY NO. 23568-H
INCORPORATED IN MALAYSIA

ORDINARY RESOLUTION 2

PROPOSED ISSUANCE OF REDEEMABLE CONVERTIBLE NOTES WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO RM200.0 MILLION CONVERTIBLE UP TO A MAXIMUM OF 4,000,000,000 CONVERSION SHARES IN HUBLINE AT THE CONVERSION PRICE AS SET OUT IN THE SUBSCRIPTION AGREEMENT DATED 27 JULY 2018 ("PROPOSED NOTES ISSUE")

RESOLVED :

"**THAT**, subject to the approval of all relevant authorities, approval be and is hereby given to the Company to:-

(i) issue up to RM200.0 million nominal value of Notes, convertible up to 4,000,000,000 Hubline Shares ("**Conversion Shares**") at a conversion price to be determined in accordance with the terms and conditions of the Notes; and

(ii) allot and issue such number of Conversion Shares pursuant to the conversion of the Notes, from time to time during the tenure of the Notes, credited as fully paid-up, to or to the order of the Notes in accordance with the terms and conditions of the Notes;

THAT such new Hubline Shares to be issued arising from the conversion of the Notes, shall, upon allotment and issue, be listed on the Main Market of Bursa Malaysia Securities Berhad and rank *pari passu* in all respects with the then existing Hubline Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the relevant date of allotment of the new Hubline Shares;

AND THAT the Board be and is hereby authorised to take all such steps and to enter into all such other agreements, deeds, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or parties and to do all acts and things, as the Board may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Notes Issue with full powers to sign and execute all documents, make applications to authorities and regulatory bodies for any approvals and consents required and assent to any conditions, modifications, revaluations, variations and/or amendments as may be required by the relevant authorities and to do all such acts and things in any manner as they may deem necessary or expedient and/or appropriate to implement, finalise and give full effect to the Proposed Notes Issue."

CERTIFIED TRUE EXTRACT

DIRECTOR
DENNIS LING LI KUANG

SECRETARY
YEO PUAY HUANG
(LS 0000577)

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia on 12 May 1975 under the Act as a private limited company under the name of Bintulu Holdings Sendirian Berhad. We subsequently changed our name to Eastern Oxygen Sendirian Berhad on 14 May 1976. On 27 December 1994, we converted to a public limited company and changed our name to EOX Group Berhad on 1 March 2000. On 9 February 2001, our Company transferred our listing from the Second Board to the Main Board of Bursa Securities (presently known as the Main Market of Bursa Securities) and subsequently changed our name to Hubline Berhad on 1 April 2004.

The principal activities of our Company are that of investment holding and provision of management services. The principal activities of our subsidiary companies are investment holding, trading, shipping services, shipping agent, ship owner and charterer and provision of marine cargo handling services. Further details of the principal activities of our subsidiary companies are set out in Section 6 of Appendix II.

2. SHARE CAPITAL

Details of our share capital as at the LPD are as follows:

Type	No. of Hubline Shares	Total (RM)
Issued share capital	2,362,773,778	164,958,415

The changes in our issued share capital for the past 3 years up to the LPD are as follows:

Date of allotment/change	No. of Hubline Shares allotted	Consideration	Type of issue	Cumulative issued share capital (RM)
As at 1.10.2015	3,254,730,694			650,946,219
1.11.2015		-	Par value reduction	32,547,307
21.12.2015	6,482,268,188	64,822,682	Allotment under rights issue	97,369,989
10.2.2016	410,000,000	36,647,307	Allotment under private placement	101,469,989
8.3.2016	450,000,000	4,500,000	Allotment under private placement	105,969,989
6.5.2016	150,000,000	1,500,000	Allotment under private placement	107,469,989
23.5.2016	450,000,000	4,500,000	Allotment under private placement	111,969,989
17.6.2016	600,000,000	6,000,000	Allotment under private placement	117,969,989
26.7.2016	500,000,000	5,000,000	Allotment under private placement	122,969,989
22.8.2016	357,020,684	3,570,207	Allotment under private placement	126,540,196
26.1.2017		-	Share consolidation (20:1)	63,270,098
3.3.2017	2,500,000	200,000	Conversion of Notes into shares	63,470,098
13.3.2017	10,000,000	1,000,000	Conversion of Notes into shares	64,270,098
20.3.2017	12,500,000	1,000,000	Conversion of Notes into shares	65,270,098
29.3.2017	50,890,585	4,000,000	Conversion of Notes into shares	69,270,098
11.4.2017	43,290,043	3,000,000	Conversion of Notes into shares	72,270,098
25.4.2017	39,050,535	2,550,000	Conversion of Notes into shares	74,820,098

INFORMATION ON OUR COMPANY *(CONT'D)*

Date of allotment/change	No. of Hubline Shares allotted	Consideration	Type of issue	Cumulative issued share capital (RM)
27.4.2017	15,948,963	1,000,000	Conversion of Notes into shares	75,820,098
24.5.2017	81,000,000	4,050,000	Conversion of Notes into shares	79,870,098
23.6.2017	20,000,000	1,000,000	Conversion of Notes into shares	80,870,098
28.6.2017	87,000,000	4,350,000	Conversion of Notes into shares	85,220,098
25.7.2017	110,000,000	5,500,000	Conversion of Notes into shares	90,720,098
11.8.2017	20,000,000	1,000,000	Conversion of Notes into shares	91,720,098
22.8.2017	48,000,000	2,400,000	Conversion of Notes into shares	94,120,098
15.9.2017	20,000,000	1,000,000	Conversion of Notes into shares	95,120,098
18.9.2017	59,000,000	2,950,000	Conversion of Notes into shares	98,070,098
28.9.2018	20,000,000	1,000,000	Conversion of Notes into shares	99,070,098
4.10.2017	94,000,000	4,700,000	Conversion of Notes into shares	103,770,098
6.10.2017	148,000,000	7,400,000	Conversion of Notes into shares	111,170,098
13.10.2017	80,000,000	4,000,000	Conversion of Notes into shares	115,170,098
20.10.2017	120,000,000	6,000,000	Conversion of Notes into shares	121,170,098
30.10.2017	254,901,960	13,000,000	Conversion of Notes into shares	134,170,098
3.11.2017	137,254,901	7,000,000	Conversion of Notes into shares	141,170,098
7.11.2017	42,000,000	2,100,000	Conversion of Notes into shares	143,270,098
2.2.2018	214,735,813	21,688,317	Allotment under private placement	164,958,415

3. BOARD OF DIRECTORS

Please refer to the Corporate Directory on page vii of this Abridged Prospectus for details of the members of our Board.

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INFORMATION ON OUR COMPANY *(CONT'D)*

4. DIRECTORS' SHAREHOLDINGS

The pro forma effects of the Rights Issue with Warrants on the shareholdings of our Directors based on our Record of Depositors as at the LPD are as follows:

Directors	As at the LPD				I: After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Hubline shares	[1] %	No. of Hubline shares	[1] %	No. of Hubline shares	[1] %	No. of Hubline shares	[1] %
Tuan Haji Ibrahim	80,000,500	3.39	[3] 181,818,000	7.70	128,000,800	3.39	[3] 290,908,800	7.70
RWLH	45,000	[2] *	[4] 269,715,700	11.42	72,000	[2] *	[4] 431,545,120	11.42
DLLK	422,799	0.02	[5] 580,385	0.02	676,478	0.02	[5] 580,385	0.02
Katrina Ling Shiek Ngee	-	-	[6] 1,003,184	0.04	-	-	[6] 1,256,863	0.03
Bobby Lim Chye Huat	-	-	-	0.00	-	-	-	-
Lai Lian Yee	8,350	[2] *	[7] 21,000	[2] *	8,350	[2] *	[7] 33,600	[2] *
Peter Chin Mui Kiong	-	-	-	-	-	-	-	-
Brandon Wee Wei Xuan	-	-	[8] 269,760,700	11.42	-	-	[8] 431,617,120	11.42
Royston Ling Ing Ding	-	-	[6] 1,003,184	0.04	-	-	[6] 1,256,863	0.03

INFORMATION ON OUR COMPANY *(CONT'D)*

Directors	II: After I and upon full conversion of Notes in full tranches				III: After II and upon full exercise of Warrants C			
	Direct		Indirect		Direct		Indirect	
	No. of Hubline shares	(1) %	No. of Hubline shares	(1) %	No. of Hubline shares	(1) %	No. of Hubline shares	(1) %
Tuan Haji Ibrahim	128,000,800	1.65	(3) 290,908,800	3.74	160,001,000	1.83	(3) 363,636,000	4.17
RWLH	72,000	(2) *	(4) 431,545,120	5.55	90,000	(2) *	(4) 539,431,400	6.18
DLLK	676,478	0.01	(5) 580,385	0.01	845,597	0.01	(5) 580,385	0.01
Katrina Ling Shiek Ngee	-	-	(6) 1,256,863	0.02	-	-	(6) 1,425,982	0.02
Bobby Lim Chye Huat	-	-	-	-	-	-	-	-
Lai Lian Yee	8,350	(2) *	(7) 33,600	(2) *	8,350	(2) *	(7) 42,000	(2) *
Peter Chin Mui Kiong	-	-	-	-	-	-	-	-
Brandon Wee Wei Xuan	-	-	(8) 431,617,120	5.55	-	-	(8) 539,521,400	6.18
Royston Ling Ing Ding	-	-	(6) 1,256,863	0.02	-	-	(6) 1,425,982	0.02

Notes:

(1) Excluding 679,830 treasury shares held by the Company as at the LPD
(2) Negligible.
(3) Deemed interested by virtue of his interest in IBZ pursuant to Section 8 of the Company Act.
(4) Deemed interested by virtue of his interest in BNDM pursuant to Section 8 of the Company Act.
(5) Deemed interested by virtue of shareholdings held by his spouse, Ms Christine Lau Swee Eng and his son Mr Bernard Ling Ing Tah.
(6) Deemed interested by virtue of shareholdings held by their father, Dennis Ling Li Kuang.
(7) Deemed interested by virtue of shareholdings held by his spouse, Kho Hui Choo.
(8) Deemed interested by virtue of shareholdings held by his father, Richard Wee Liang Huat.

INFORMATION ON OUR COMPANY *(CONT'D)*

5. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The pro forma effects of the Rights Issue with Warrants on the shareholdings of our substantial shareholders based on our Record of Depositors as at the LPD are as follows:

Substantial shareholders	As at the LPD				I: After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Hubline shares	(1) %	No. of Hubline shares	(1) %	No. of Hubline shares	(1) %	No. of Hubline shares	(1) %
BPSB	183,343,882	7.76	-	-	293,350,211	7.76	-	-
BNDM	269,715,700	11.42	-	-	431,545,120	11.42	-	-
RWLH	45,000	(2) *	(3) 269,715,700	11.42	72,000	(2) *	(3) 431,545,120	11.42
IBZ	181,818,000	7.70	-	-	290,908,800	7.70	-	-
Tuan Haji Ibrahim	80,000,500	3.39	(4) 181,818,000	7.70	128,000,800	3.39	(4) 290,908,800	7.70

Substantial shareholders	II: After I and upon full conversion of Notes in full tranches				III: After II and upon full exercise of Warrants C			
	Direct		Indirect		Direct		Indirect	
	No. of Hubline shares	(1) %	No. of Hubline shares	(1) %	No. of Hubline shares	(1) %	No. of Hubline shares	(1) %
BPSB	293,350,211	3.77	-	-	366,687,763	4.20	-	-
BNDM	431,545,120	5.55	-	-	539,431,400	6.18	-	-
RWLH	72,000	(2) *	(3) 431,545,120	5.55	90,000	(2) *	(3) 539,431,400	6.18
IBZ	290,908,800	3.74	-	-	363,636,000	4.17	-	-
Tuan Haji Ibrahim	128,000,800	1.65	(4) 290,908,800	3.74	160,001,000	1.83	(4) 363,636,000	4.17

Notes:

(1) *Excluding 679,830 treasury shares held by the Company as at the LPD*
(2) *Negligible.*
(3) *Deemed interested by virtue of his interest in BNDM pursuant to Section 8 of the Company Act.*
(4) *Deemed interested by virtue of his interest in IBZ pursuant to Section 8 of the Company Act.*

6. SUBSIDIARY AND ASSOCIATED COMPANIES

Details of our subsidiaries as at the LPD are as follows:

Name of company	Dates and places of incorporation	Principal activities	Issued and paid-up share capital (RM unless otherwise stated)	Effective equity interest %
Highline Shipping Sdn Bhd	28.08.1990 / Malaysia	Investment holding, provision of management services and chartering of vessel	16,424,818	100.0
EM Carriers Sdn Bhd	27.01.1998 / Malaysia	Ship owner and charter out vessels on a time charter basis	5,000,000	100.0
Ozlink Sdn Bhd	25.07.2001 / Malaysia	Ship owner and charter out vessels on a time charter basis	1,000,000	100.0
Patimico Sdn Bhd	06.07.1999 / Malaysia	Ship owner and charter out vessels on a time charter basis	5,000,000	100.0
Malaform Sdn Bhd	06.03.2006 / Malaysia	Ship owner and charter out vessels on a time charter basis	1,000,000	100.0
Hubline Asia Sdn Bhd	10.11.2010 / Malaysia	Ship owner and charter out vessels on a time charter basis	2	100.0
Hubline Delta Sdn Bhd	17.01.2011 / Malaysia	Ship owner and charter out vessels on a time charter basis	2	100.0
Hubline Equity Sdn Bhd	17.01.2011 / Malaysia	Ship owner and charter out vessels on a time charter basis	2	100.0
Hubline Fortune Sdn Bhd	17.01.2011 / Malaysia	Ship owner and charter out vessels on a time charter basis	2	100.0
Hub Continental Shipping Sdn Bhd	20.05.1997 / Malaysia	Dormant	5,000,000	100.0
Whittler Company Ltd	08.01.1998 / British Virgin Islands	Provision of marine cargo handling and shipping services, and investment holding	USD1	100.0
Subsidiaries of Highline Shipping Sdn Bhd				
Highline Asia Sdn Bhd	10.01.2005 / Malaysia	Dormant	100,000	100.0
Highline Carrier Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Equity Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Glory Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Harbour Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Integrated Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Jade Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0

Highline Kinetic Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Logistic Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Mariner Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Navigators Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Oceanic Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Pacific Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Quest Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Reliance Sdn Bhd	10.01.2005 / Malaysia	Shipping	100,000	100.0
Highline Strategic Sdn Bhd	06.11.2006 / Malaysia	Shipping	100,000	100.0
Highline Trader Sdn Bhd	06.11.2006 / Malaysia	Shipping	100,000	100.0
Highline Union Sdn Bhd	28.06.2007 / Malaysia	Shipping	100,000	100.0
Many Plus Enterprise Sdn Bhd	24.04.1995 / Malaysia	Sales of plate, pipe and fresh water and hire of wharf, crane and forklift	100,000	100.0
Many Plus Engineering Sdn Bhd	29.04.1997 / Malaysia	Sales of machine parts and accessories and repairs and maintenance of heavy equipment	100,000	100.0
Ever Line Shipping Sdn Bhd	16.07.2004 / Malaysia	Provision of shipping management services	2,484,952	100.0
Ever Line Shipping Co. Limited	19.01.2012 / Labuan, Malaysia	Shipping	USD1	100.0

Subsidiaries of Everline Shipping Co Limited

Everline Asia Limited	05.11.2012 / Labuan, Malaysia	Shipping	USD1	100.0
Everline Bulk Limited	06.11.2014 / Labuan, Malaysia	Shipping	USD1	100.0
Everline Carrier Limited	07.11.2014 / Labuan, Malaysia	Shipping	USD1	100.0
Everline Demigod Limited	24.03.2016 / Labuan, Malaysia	Shipping	USD1	100.0

We have no associated companies and jointly-controlled entities as at the LPD.

7. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements for the FYE 30 September 2015, FYE 30 September 2016, and FYE 30 September 2017 and the unaudited consolidated financial statements for the nine (9) months FPE 30 June 2017 and FPE 30 June 2018, are summarised as follows:

	Audited		
	FYE 30 September 2015	**FYE 30 September 2016**	**FYE 30 September 2017**
	(RM'000)	**(RM'000)**	**(RM'000)**
Continuing operations			
Revenue	103,890	86,864	94,083
Gross profit	12,542	8,148	6,773
Other income	26,928	7,600	2,853
Administrative expenses and other operating expenses	(4,689)	(10,838)	(13,775)
Operating profit/(loss)	**34,781**	**4,910**	**(4,150)**
Finance costs	(5,901)	(1,212)	(1,020)
Profit/(loss) before tax from continuing operations	**28,880**	**3,698**	**(5,170)**
Income tax expense	(247)	115	(366)
Profit/(loss) from continuing operations, net of tax	**28,633**	**3,813**	**(5,536)**
Discontinued operations			
Loss from discontinued operations, net of tax	(405,386)	(94,883)	(14,095)
Loss net of tax	**(376,753)**	**(91,070)**	**(19,631)**
Foreign currency translation	(19,959)	15,431	386
Total comprehensive loss	**(396,712)**	**(75,639)**	**(19,245)**
Loss attributable to:			
Owners of the parent	**(376,753)**	**(91,070)**	**(19,631)**
Non-controlling interests	-	-	-
LAT	**(376,753)**	**(91,070)**	**(19,631)**
EBITDA [(1)]	47,169	15,905	7,418
Weighted average number of shares in issue ('000)	3,241,134	12,640,423	1,271,201
Continuing operations:			
Basic EPS / (LPS) [(2)] (sen)	0.88	0.03	(0.43)
Diluted EPS / (LPS) (sen) [(3)]	N/A	N/A	N/A
Discontinued operations:			
Basic LPS [(2)] (sen)	(12.50)	(0.75)	(1.11)
Diluted EPS / (LPS) (sen) [(3)]	N/A	N/A	N/A

INFORMATION ON OUR COMPANY (*CONT'D*)

	Audited		
	FYE 30 September 2015	FYE 30 September 2016	FYE 30 September 2017
	(RM'000)	(RM'000)	(RM'000)
Gross profit margin [(4)] (%)	12.07%	9.38%	7.20%
PBT / (LBT) margin [(4)] (%)	27.80	4.26	(5.50)
LAT margin [(5)] (%)	(362.61)	(104.84)	(20.87)
Dividend (sen)	-	-	-

	Unaudited	
	9-month FPE 30 June 2017	9-month FPE 30 June 2018
	(RM'000)	(RM'000)
Revenue	72,118	74,358
Gross profit	6,680	8,428
Other income	710	6,474
Administrative expenses and other operating expenses	(15,193)	(9,011)
Operating (loss) / profit	**(7,803)**	**5,891**
Finance costs	(6,338)	(4,598)
(Loss) / profit before tax	**(14,141)**	**1,293**
Income tax expense	52	878
(Loss) / profit net of tax	**(14,089)**	**2,171**
Foreign currency translation	1,103	(2,565)
Total comprehensive loss	**(12,986)**	**(394)**
(Loss) / profit attributable to:		
Owners of the parent	(14,089)	2,171
Non-controlling interests	-	-
(LAT) / PAT	**(14,089)**	**2,171**
EBITDA [(1)]	1,883	15,037
Weighted average number of shares in issue ('000)	772,963	2,240,546
Basic (LPS) / EPS [(2)] (sen)	(1.82)	0.10
Diluted EPS / (LPS) [(3)] (sen)	N/A	N/A
GP margin [(4)] (%)	9.26%	11.33%
(LBT) / PBT margin [(4)] (%)	(19.61)	1.74
(LAT) / PAT margin [(5)] (%)	(19.54)	2.92
Dividend (sen)	-	-

Notes:

(1) *Calculated based on the following formula:*

EBITDA / (LBITDA) = PBT + net finance cost + depreciation + amortization + impairment loss

(2) *Being the PAT / (LAT) attributable to the owners of the parent in respect of the continued operations and discontinued operations, as applicable, divided by the weighted average number of shares issue for the respective financial years/periods under review.*

(3) *The diluted earnings per share are not shown as the effect of the outstanding warrants on the basic earnings per share is anti-dilutive.*

(4) *In respect of the continued operations.*

(5) *Based on the PAT / (LAT) attributable to the owners of the parent for the respective financial years/periods under review.*

(i) Financial commentary for FYE 30 September 2015

The revenue from the continuing operations of our dry bulk shipping business increased by approximately RM10.53 million or 11.27% from RM93.37 million for the FYE 30 September 2014 to RM103.90 million for the FYE 30 September 2015, mainly due to increased shipping and related activities as our Group's fleet size increased from 17 in FYE 30 September 2014 to 23 in FYE 30 September 2015.

Our Group posted a LAT of RM376.75 million for the FYE 30 September 2015 as compared to a PAT of RM3.26 million for the FYE 30 September 2014. This is mainly due to the container shipping business operations which have been loss-making for the past few years as a result of intense competition from larger capacity container vessels and decreasing charter rates and thus discontinued the operation of container shipping as announced by our Company on 18 February 2015. The discontinued operation incurred a net loss of RM405.39 million arising mainly from the cost of sales and administrative expenses incurred by our discontinued container shipping business.

(ii) Financial commentary for FYE 30 September 2016

The revenue for our Group decreased by approximately RM17.04 million or 16.4% from approximately RM103.90 million for the FYE 30 September 2015 to RM86.86 million for the FYE 30 September 2016. Overall, the decrease was mainly due to lower revenue from the dry bulk business as a result of subdued fall in freight rates amid lower demand for coal and other bulk resources within the South East Asian region as well as fierce competition among barge logistics service providers.

The LAT of our Group decreased by approximately RM285.68 million or 75.83% from approximately RM376.75 million for the FYE 30 September 2015 to RM91.07 million for the FYE 30 September 2016, mainly due to the lower administrative expenses and cost of sales incurred by the discontinued container shipping business. As we had not fully sold off all of our container shipping vessels during the year, our Group still incurred the administrative expenses and cost of sales for container shipping vessels during the FYE 30 September 2016. The expenses and costs incurred included parking expenses, crew expenses, maintenance and upkeep expenses in relation to the vessels as well as finance costs in relation to the borrowings taken by our Group's container shipping business. The container shipping vessels have been substantially sold off by our Group upon the discontinuance of the container shipping business on 31 December 2016.

Total bank borrowings were reduced by approximately 16.24% from RM179.06 million for FYE 30 September 2015 to RM149.98 million for FYE 30 September 2016, resulting in a much stronger financial position for our Group. The repayment of bank borrowings was financed from the amount of proceeds raised from our issuance of new rights shares in 2015 and private placement of new ordinary shares in 2016.

(iii) Financial commentary for FYE 30 September 2017

The revenue of our Group increased by approximately RM7.22 million or 8.31% from approximately RM86.86 million for the FYE 30 September 2016 to RM94.08 million for the FYE 30 September 2017. Market sentiment in the dry bulk sector improved during the year thus allowing our Group to increase the freight rates. However, the increase in our Group's revenue was not significant as the freight rates were only increased marginally and in a gradual manner such that our Group can still remain competitive and not lose its market share.

The LAT of our Group decreased by approximately RM71.44 million or 78.44% from approximately RM91.07 million for the FYE 30 September 2016 to RM19.63 million for the FYE 30 September 2017 mainly due to the further decrease in administrative expenses and cost of sales incurred by our discontinued container shipping business. The LAT amount also includes RM3.21 million in costs incurred due to our redeemable convertible notes programme in 2017.

Total bank borrowings were reduced by approximately 15.90% from RM149.98 million for FYE 30 September 2016 to RM126.13 million for FYE 30 September 2017. The borrowings were reduced mainly from the funds raised via our redeemable convertible notes programme in 2017. The net annual interest savings as a result of the reduction in borrowings is approximately RM1.68 million.

(iv) Financial commentary for the FPE 30 June 2018

The revenue of our Group increased by approximately RM2.24 million or 3.11% from approximately RM72.12 million for the FPE 30 June 2017 to RM74.36 million for the FPE 30 June 2018. The increase in our revenue was due to the additional shipments during the quarter via voyage charters, as well as the increase in freight rates by approximately 12% to 15% as compared with the same time in last year.

Our Group recorded PAT of RM2.17 million for the FPE 30 June 2018 as compared to LAT of RM14.09 million for the FPE 30 June 2017, mainly attributable to significant increase in other operating income upon an increase in freights rates and increase in shipments due to new voyage charters, as well as lower other expenses and finance cost.

Total bank borrowings were reduced by approximately 28.77% from 139.12 million for FYE 30 June 2017 to RM99.09 million for FYE 30 June 2018. The borrowings were reduced mainly through utilisation of the funds raised via our redeemable convertible notes programme in 2017 as well as 10% of the proceeds raised from our private placement of shares in 2018. The approximate net annual interest savings as a result of the repayment of loans is approximately RM2.41 million.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of Hubline Shares as traded on Bursa Securities for the past twelve (12) months from November 2017 to October 2018 are as follows:

	High RM	Low RM
2017		
November	0.175	0.110
December	0.120	0.095
2018		
January	0.155	0.105
February	0.120	0.100
March	0.110	0.100
April	0.120	0.095
May	0.105	0.085
June	0.090	0.070
July	0.070	0.060
August	0.060	0.055
September	0.060	0.055
October	0.055	0.040
The last transacted market price of our shares on 26 July 2018 (being the last day on which our shares were traded, prior to the date of announcement of the Rights Issue with Warrants)		0.070
The last transacted market price of our shares on 5 November 2018 (being the LPD)		0.045
The last transacted market price of our shares on 16 November 2018 (being the last day on which our shares were traded prior to the ex-date of the Rights Issue with Warrants)		0.035

(Source: Bloomberg)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 SEPTEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANT'S REPORT THEREON

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07 NOV 2018

The Board of Directors
Hubline Berhad
Wisma Hubline
Lease 3815 (Lot 10914)
Section 64 KTLD
Jalan Datuk Abang Abdul Rahim
93450 Kuching Sarawak

Dear Sirs

HUBLINE BERHAD ("HUBLINE" OR THE "COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN THE ABRIDGED PROSPECTUS

We have completed our assurance engagement to report on the compilation of pro forma financial information of Hubline and its subsidiaries (collectively known as the "Group") prepared by the Board of Directors of the Company. The pro forma financial information consists of the Consolidated Financial Position as at 30 September 2017 together with the accompanying notes thereon, for which we have stamped for the purpose of identification.

The pro forma consolidated financial information has been prepared for inclusion in the Abridged Prospectus of Hubline in connection with the Renounceable Rights Issue of up to 1,417,256,368 new ordinary shares each in Hubline ("Rights Share(s)") on the basis of three (3) Rights Shares for every five (5) ordinary shares held in Hubline ("Hubline Share(s) or Share(s)"), together with up to 944,837,579 free detachable new warrants ("Warrant(s) C") on the basis of two (2) Warrants C for every three (3) rights shares subscribed for at an issue price of RM0.037 per Rights Share ("Rights Issue with Warrants").

Additionally, the pro forma consolidated financial information includes a Corporate Exercise in relation to the issuance of Redeemable Convertible Notes with an aggregate principal amount up to RM200.0 million ("Notes Issue").

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia.

Crowe

The pro forma financial information has been compiled by the Board of Directors, taking into account adjustments made to the Company's capital structure, subsequent to 30 September 2017 and prior to this exercise which were reflected in Note 1.1. Illustration on the impact of the transactions as set out in Note 1.2 to Note 1.6 of the pro forma financial information, on the financial position as at 30 September 2017, were made as if the Corporate Exercises have been in existence throughout the financial year. As part of this process, information about the financial position has been extracted by the Board of Directors from the audited financial statements of the Company and its subsidiaries for the financial year ended 30 September 2017.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the pro forma financial information on the basis as described in Note 1 of the pro forma financial information.

REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines issued by the Securities Commission Malaysia, about whether the pro forma financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in Note 1 of the pro forma financial information.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) *3420, Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

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The purpose of pro forma financial information included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the pro forma consolidated financial information of the Group has been compiled, in all material respects, on the basis of the applicable criteria.

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OTHER MATTER

This letter has been prepared solely for the purpose stated above, in connection with the Corporate Exercises. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

Crowe Malaysia

Crowe Malaysia
Firm No: AF 1018
Chartered Accountants
Kuching

Hudson Chua Jain
02538/05/2020 J
Chartered Accountant

Appendix 1 - Pro forma consolidated statements of financial position
Appendix 2 - Notes to the pro forma consolidated statements of financial position

Appendix 1
Page 1 of 2

HUBLINE BERHAD ("HUBLINE" OR "THE COMPANY")
AND ITS SUBSIDIARIES ("HUBLINE GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

The pro forma consolidated statements of financial position of the Hubline Group as at 30 September 2017 as set out below are provided for illustrative purposes only to show the effects had the Corporate Exercises taken place as at 30 September 2017.

	NOTE	Audited as at 30 September 2017 RM	Pro forma I RM	Pro forma II RM	Pro forma III RM	Pro forma IV RM	Pro forma V RM
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	1.6.1	164,130,991	164,130,991	184,130,991	279,130,991	279,130,991	279,130,991
Goodwill		15,206,740	15,206,740	15,206,740	15,206,740	15,206,740	15,206,740
Deferred tax assets		1,703,460	1,703,460	1,703,460	1,703,460	1,703,460	1,703,460
Trade receivables		32,120,673	32,120,673	32,120,673	32,120,673	32,120,673	32,120,673
Other receivables		2,344,510	2,344,510	2,344,510	2,344,510	2,344,510	2,344,510
		215,506,374	215,506,374	235,506,374	330,506,374	330,506,374	330,506,374
CURRENT ASSETS							
Inventories		5,627,091	5,627,091	5,627,091	5,627,091	5,627,091	5,627,091
Trade receivables		12,427,260	12,427,260	12,427,260	12,427,260	12,427,260	12,427,260
Other receivables, deposits and prepayments		5,697,249	5,697,249	5,697,249	5,697,249	5,697,249	5,697,249
Fixed deposits with licensed banks		3,172,000	3,172,000	3,172,000	3,172,000	3,172,000	3,172,000
Cash and bank balances	1.6.2	7,984,277	66,672,594	77,972,358	102,813,358	102,813,358	154,779,425
Tax refundable		613,050	613,050	613,050	613,050	613,050	613,050
		35,520,927	94,209,244	105,509,008	130,350,008	130,350,008	182,316,075
Assets of discontinued operations classified as held for sale		4,746,000	4,746,000	4,746,000	4,746,000	4,746,000	4,746,000
		40,266,927	98,955,244	110,255,008	135,096,008	135,096,008	187,062,075
TOTAL ASSETS		255,773,301	314,461,618	345,761,382	465,602,382	465,602,382	517,568,449
EQUITY AND LIABILITIES							
EQUITY							
Share capital	1.6.3	99,070,098	164,958,415	217,396,901	217,396,901	417,396,901	469,362,968
Warrant reserves	1.6.4	90,693,255	90,693,255	118,093,545	118,093,545	118,093,545	90,693,255
Treasury shares		(4,192,396)	(4,192,396)	(4,192,396)	(4,192,396)	(4,192,396)	(4,192,396)
Capital reserves	1.6.5	(58,625,363)	(58,625,363)	(86,025,653)	(86,025,653)	(86,025,653)	(58,625,363)
Redeemable convertible notes	1.6.6	1,215,599	-	-	26,241,961	-	-
Foreign currency translation reserves		(14,533,465)	(14,533,465)	(14,533,465)	(14,533,465)	(14,533,465)	(14,533,465)
Accumulated losses	1.6.7	(39,272,317)	(39,272,317)	(40,411,039)	(50,570,039)	(50,570,039)	(50,570,039)
TOTAL EQUITY		74,355,411	139,028,129	190,327,893	206,410,854	380,168,893	432,134,960

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 SEPTEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANT'S REPORT THEREON (*CONT'D*)

Appendix 1
Page 2 of 2

HUBLINE BERHAD ("HUBLINE" OR "THE COMPANY") AND ITS SUBSIDIARIES ("HUBLINE GROUP") PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	NOTE	Audited as at 30 September 2017 RM	Pro forma I RM	Pro forma II RM	Pro forma III RM	Pro forma IV RM	Pro forma V RM
NON-CURRENT LIABILITIES							
Long-term borrowings	1.6.8	67,239,106	67,239,106	47,239,106	-	-	-
Deferred tax liabilities	1.6.9	11,629,125	11,245,252	11,245,252	19,532,188	11,245,252	11,245,252
Other payables		2,208,106	2,208,106	2,208,106	2,208,106	2,208,106	2,208,106
Redeemable convertible notes	1.6.8	5,600,528	-	-	165,471,103	-	-
		86,676,865	80,692,464	60,692,464	187,211,397	13,453,358	13,453,358
CURRENT LIABILITIES							
Short-term borrowings	1.6.8	58,893,322	58,893,322	58,893,322	36,132,428	36,132,428	36,132,428
Trade payables		14,405,135	14,405,135	14,405,135	14,405,135	14,405,135	14,405,135
Other payables and accruals		21,276,827	21,276,827	21,276,827	21,276,827	21,276,827	21,276,827
Amount owing to directors		91,966	91,966	91,966	91,966	91,966	91,966
Provision for taxation		73,775	73,775	73,775	73,775	73,775	73,775
		94,741,025	94,741,025	94,741,025	71,980,131	71,980,131	71,980,131
TOTAL LIABILITIES		181,417,890	175,433,489	155,433,489	259,191,528	85,433,489	85,433,489
TOTAL EQUITY AND LIABILITIES		255,773,301	314,461,618	345,761,382	465,602,382	465,602,382	517,568,449
Number of Hubline shares in issue less treasury shares		1,271,201,274	2,362,093,948	3,779,350,316	3,779,350,316	7,779,350,316	8,724,187,895
Total borrowings (RM)		131,732,956	126,132,428	106,132,428	201,603,531	36,132,428	36,132,428
Net assets # per Hubline Share		0.06	0.06	0.05	0.05	0.05	0.05

Note
\# Net assets are defined as total equity attributable to owners of the Company

HUBLINE BERHAD ("HUBLINE" OR "THE COMPANY")
AND ITS SUBSIDIARIES ("HUBLINE GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

Notes to the pro forma consolidated statements of financial position

1. Basis of preparation

The pro forma consolidated statements of financial position have been properly prepared in accordance with the basis stated below using financial statements prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies of the Hubline Group as disclosed in its audited financial statements for the financial year ended 30 September 2017.

The consolidated statements of financial position have been prepared solely for illustrative purposes, to show the effects of the major events as described below.

1.1 Pro forma I

Pro forma I incorporated the effects of the following events:

(a) Adjustments for the issuance of 214,735,813 new Hubline Shares at an issue price of RM0.1010 each in February 2018 pursuant to a private placement exercise; and

(b) Adjustments for the issuance of 876,156,861 new Hubline Shares pursuant to the conversion of redeemable convertible notes programme implemented in 2017.

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HUBLINE BERHAD ("HUBLINE" OR "THE COMPANY")
AND ITS SUBSIDIARIES ("HUBLINE GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

Notes to the pro forma consolidated statements of financial position

1.2 Pro forma II

The pro forma II is stated after pro forma I as disclosed in Note 1.1 above and incorporated the effects of issuance of renounceable rights issue of up to 1,417,256,368 new ordinary shares each in Hubline ("Rights Share(s)") at the issue price of the Right Shares at RM0.037 per Rights Share on the basis of three (3) Rights Shares for every five (5) ordinary shares held in Hubline ("Hubline Share(s) or Share(s)"), together with up to 944,837,579 free detachable new warrants ("Warrant(s) C") on the basis of two (2) Warrants C for every three (3) rights shares subscribed, on an entitlement date to be determined later ("Rights Issue with Warrants").

The Warrants C attached to the Rights Shares will be issued at no cost to the entitled shareholders and/or their renouncee(s) who subscribe for the Rights Shares.

"Warrant reserves" represents the fair value of the Warrants C of RM0.029 each, which are subject to change upon the implementation of the Rights Issue with Warrants. The fair value is derived using the Black-Scholes Options Pricing Model based on the following input computed:-

(a) Exercise price : RM0.055
(b) Theoretical ex-rights price : RM0.04425
(c) Tenure : 5 years from the date of issuance of the Warrants
(d) Volatility rate : 85.304%
(e) Risk free interest rate : 3.912%

The proceeds from the Rights Issue with Warrants will be utilised in the following manner:-

	RM'000
Repayment of bank borrowings	20,000
Capital expenditure	20,000
Working capital	11,300
Estimated expenses for Rights Issue with Warrants	1,139
	52,439

This resulted in an increase in cash and bank balances and share capital of approximately RM52,438,486 respectively. The estimated expenses in relation to the Rights Issue with Warrants of RM1,138,722 will be debited to accumulated losses.

With the issuance of 944,837,579 Warrants C pursuant to the Rights Issue with Warrants, Hubline has recognised the fair value of the Warrants of RM27,400,290 based on the basis as described above and debited to "Capital reserves" account.

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HUBLINE BERHAD ("HUBLINE" OR "THE COMPANY")
AND ITS SUBSIDIARIES ("HUBLINE GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

Notes to the pro forma consolidated statements of financial position

1.3 Pro forma III

The pro forma III is stated after pro forma II as disclosed in Note 1.2 above and incorporated the effects of the issuance of Redeemable Convertible Notes ("RCN") with an aggregate principal amount up to RM200.0 million ("Notes Issue").

The proceeds from the Notes Issue will be utilised in the following manner:-

	RM'000
Repayment of bank borrowings	70,000
Capital expenditure	95,000
Working capital	24,841
Estimated expenses for Notes Issue	10,159
	200,000

Pursuant to the Notes Issue, cash and bank balances account increased by RM200.0 million. The notes issuance expenses of RM10,159,000 will be debited to accumulated losses.

The details of the allocation of the components of RCN are as follows:-

	RM'000
RCN (equity component)	26,242
RCN (liability component) *	165,471
Deferred tax liabilities **	8,287
	200,000

* The liability component of the Notes is arrived at by discounting the coupon payments to its present value at a rate of 5.0%.

** The deferred tax liabilities are computed based on the statutory tax rate of 24% on the equity component.

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HUBLINE BERHAD ("HUBLINE" OR "THE COMPANY")
AND ITS SUBSIDIARIES ("HUBLINE GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

Notes to the pro forma consolidated statements of financial position

1.4 Pro forma IV

The pro forma IV is stated after pro forma III as disclosed in Note 1.3 above and assuming the full conversion of the RCN into 4,000,000,000 new Hubline shares at a conversion price of RM0.05 each which will result in the increase in share capital of RM200.0 million.

1.5 Pro forma V

The pro forma V is stated after pro forma IV as disclosed in Note 1.4 above and assuming the full exercise of the Warrants C into 944,837,579 new Hubline shares at an exercise price of RM0.055 each which will result in the increase in cash and bank balances and share capital of approximately RM51,966,067 respectively, and reversal of the "Warrant reserves" of approximately RM27,400,290 to be credited to the capital reserves account.

1.6 Effects on the pro forma consolidated statements of financial position

1.6.1 Movements in property, plant and equipment

	RM'000
Balance as at 30 September 2017 and Pro Forma I	164,131
Pro forma I and the effect of the following:-	
- Utilisation of the proceeds from Rights Issue with Warrants for capital expenditure	20,000
Pro forma II	184,131
Pro forma II and the effect of the following:-	
- Utilisation of the proceeds from Notes Issue for capital expenditure	95,000
Pro forma III, IV and V	279,131

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HUBLINE BERHAD ("HUBLINE" OR "THE COMPANY")
AND ITS SUBSIDIARIES ("HUBLINE GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

Notes to the pro forma consolidated statements of financial position

1.6 Effects on the pro forma consolidated statements of financial position (Cont'd)

1.6.2 Movements in cash and bank balances

	RM'000
Balance as at 30 September 2017	7,984
Effect incorporated to arrive at Pro forma I:-	
- Proceeds from issuance of new Hubline Shares via conversion of Notes and Private Placement	58,688
Pro forma I	66,672
Pro forma I and the effects of the following:-	
- Proceeds from the issuance of new Hubline Shares via Rights Issue with Warrants	52,439
- Repayment of bank borrowings	(20,000)
- Capital expenditure	(20,000)
- Payment of expenses for the Rights Issue with Warrants	(1,139)
Pro forma II	77,972
Pro forma II and effects of the following:-	
- Proceeds from the issuance of Notes via Notes Issue	200,000
- Repayment of bank borrowings	(70,000)
- Capital expenditure	(95,000)
- Payment of expenses for the Notes Issue	(10,159)
Pro forma III and IV	102,813
Pro forma IV and effects of the following:-	
- Proceeds from the issuance of new Hubline Shares pursuant to the exercise of Warrants C	51,966
Pro forma V	154,779

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HUBLINE BERHAD ("HUBLINE" OR "THE COMPANY")
AND ITS SUBSIDIARIES ("HUBLINE GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

Notes to the pro forma consolidated statements of financial position

1.6 Effects on the pro forma consolidated statements of financial position (Cont'd)

1.6.3 Movements in share capital

	RM'000
Balance as at 30 September 2017	99,070
Effects incorporated to arrive at Pro forma I:-	
- Issuance of new Hubline Shares via conversion of Notes	44,200
- Issuance of new Hubline Shares via Private Placement	21,688
Pro forma I	164,958
Pro forma I and the effect of the following:-	
- Issuance of new Hubline Shares via Rights Issue with Warrants	52,438
Pro forma II and III	217,396
Pro forma III and the effect of the following:-	
- Issuance of new Hubline Shares via conversion of Notes	200,000
Pro forma IV	417,396
Pro forma IV and the effect of the following:-	
- Issuance of new Hubline Shares pursuant to the exercise of Warrants C	51,966
Pro forma V	469,362

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HUBLINE BERHAD ("HUBLINE" OR "THE COMPANY")
AND ITS SUBSIDIARIES ("HUBLINE GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

Notes to the pro forma consolidated statements of financial position

1.6 Effects on the pro forma consolidated statements of financial position (Cont'd)

1.6.4 Movements in warrant reserves

	RM'000
Balance as at 30 September 2017 and Pro forma I	90,693
Pro forma I and the effect of the following:-	
- Allocation of fair value of Warrants C from capital reserves	27,400
Pro forma II, III and IV	118,093
Pro forma IV and the effect of the following:-	
- Transfer to capital reserves upon exercise of Warrants C	(27,400)
Pro forma V	90,693

1.6.5 Movements in capital reserves

	RM'000
Balance as at 30 September 2017 and Pro forma I	(58,625)
Pro forma I and the effect of the following:-	
- Allocation of fair value of Warrants C from "Warrant Reserves"	(27,400)
Pro forma II, III and IV	(86,025)
Pro forma IV and the effect of the following:-	
- Transfer to "Warrant Reserves" upon exercise of Warrants C	27,400
Pro forma V	(58,625)

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HUBLINE BERHAD ("HUBLINE" OR "THE COMPANY")
AND ITS SUBSIDIARIES ("HUBLINE GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

Notes to the pro forma consolidated statements of financial position

1.6 Effects on the pro forma consolidated statements of financial position (Cont'd)

1.6.6 Movements in redeemable convertible notes

	RM'000
Balance as at 30 September 2017	1,216
Effect incorporated to arrive at Pro forma I:-	
- Issuance of new Hubline Shares via conversion of Notes	(1,216)
Pro forma I and II	-
Pro forma II and the effect of the following:-	
- Issuance of Notes (equity component) via Notes Issue	26,242
Pro forma III	26,242
Pro forma III and the effect of the following:-	
- Issuance of new Hubline Shares via conversion of Notes	(26,242)
Pro forma IV and V	-

1.6.7 Movements in accumulated losses

	RM'000
Balance as at 30 September 2017 and Pro forma I	(39,272)
Pro forma I and the effect of the following:-	
- Estimated expenses in relation to Rights Issue with Warrants	(1,139)
Pro forma II	(40,411)
Pro forma II and the effect of the following:-	
- Estimated expenses in relation to Notes Issue	(10,159)
Pro forma III, IV and V	(50,570)

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HUBLINE BERHAD ("HUBLINE" OR "THE COMPANY")
AND ITS SUBSIDIARIES ("HUBLINE GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

Notes to the pro forma consolidated statements of financial position

1.6 Effects on the pro forma consolidated statements of financial position (Cont'd)

1.6.8 Movements in borrowings

	RM'000
Balance as at 30 September 2017	131,733
Effects incorporated to arrive at Pro forma I:-	
- Issuance of new Hubline Shares via conversion of Notes	(5,601)
Pro forma I	126,132
Pro forma I and the effect of the following:-	
- Repayment of bank borrowings	(20,000)
Pro forma II	106,132
Pro forma II and the effect of the following:-	
- Repayment of bank borrowings	(70,000)
- Issuance of Notes (liability component) via Notes Issue	165,471
Pro forma III	201,603
Pro forma III and the effect of the following:-	
- Issuance of new Hubline Shares via conversion of Notes	(165,471)
Pro forma IV and V	36,132

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HUBLINE BERHAD ("HUBLINE" OR "THE COMPANY")
AND ITS SUBSIDIARIES ("HUBLINE GROUP")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

Notes to the pro forma consolidated statements of financial position

1.6 Effects on the pro forma consolidated statements of financial position (Cont'd)

1.6.9 Movements in deferred tax liabilities

	RM'000
Balance as at 30 September 2017	11,629
Effect incorporated to arrive at Pro forma I:-	
- Deferred tax liabilities recognised upon conversion of Notes	(384)
Pro forma I and II	11,245
Pro forma II and the effect of the following:-	
- Deferred tax liabilities attributable to issuance of Notes	8,287
Pro forma III	19,532
Pro forma III and the effect of the following:-	
- Deferred tax liabilities recognised upon conversion of Notes	(8,287)
Pro forma IV and V	11,245

HUBLINE BERHAD

(Incorporated in Malaysia)
Company No: 23568-H

FINANCIAL REPORT

for the financial year ended 30 September 2017

CERTIFIED TRUE COPY

HUDSON CHUA JAIN
CA(M), CA(NZ), CPA(AUST)
CHARTERED ACCOUNTANT (MIA 11661)

Contents

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services.

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(19,631,250)	(37,560,751)

CERTIFIED TRUE COPY
HUDSON CHUA JAIN
CA(M), CA(NZ), CPA(AUST)
CHARTERED ACCOUNTANT (MIA 11661)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company consolidated every twenty ordinary shares of RM0.005 each into 1 ordinary share of RM0.10 each as disclosed in Note 37 to the financial statements; and

(b) the Company issued RM43 million Redeemable Convertible Medium Term Notes ("RCN") for repayment of borrowings and for working capital purposes. RCN of RM35.8 million were converted into 639,180,126 new ordinary shares of the Company at conversion prices ranging from RM0.05 to RM0.08 per share. The salient terms of the RCN are disclosed in Note 16 to the financial statements. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

WARRANTS

Warrants A (2009/2019)

The Warrants A are listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 11 November 2009.

Each Warrant carried the right to subscribe for 1 new ordinary share of RM0.20 each in the Company at any time from 05 November 2009 up to the expiry date on 04 November 2019, at an exercise price of RM0.20 for each new share. Any warrant not exercised by the expiry of the exercise period will lapse and cease to be valid for all purposes. The Warrants A are constituted by a Deed Poll dated 28 September 2009.

In the previous financial year, the Group had completed the First Capital Restructuring Exercises with issuance and listing of up to 362,802,547 Adjustment Warrants A pursuant to the adjustment made in accordance with the provisions of the Deed Poll 2009. The exercise price of Warrants A was adjusted from RM0.20 to RM0.16 thereafter. Warrants A holders can only exercise the Adjustment Warrants A after the Adjustment Warrants A were listed and quoted on the Main Market of Bursa Securities with the Rights Shares on 29 December 2015.

During the financial year, the Group undertook a Share Consolidation exercise to consolidate every twenty ordinary shares into 1 ordinary shares. Pursuant to Condition 3(A)(i) and 3(E) of the Third Schedule in the amended Deed Poll, the exercise price of warrants held by each warrant holder were adjusted from RM0.16 to RM3.20 and the number of warrants were adjusted from 1,874,480,280 to 93,724,014 accordingly.

The movement in the number of Warrants A during the financial year are as follows:-

	Number of Warrants A			
	At 1.10.2016	Warrant Consolidation	Sold	At 30.9.2017
Warrants A	1,874,480,280	(1,780,756,266)	-	93,724,014

Warrants B (2015/2020)

The Warrants B were listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 29 December 2015.

Each Warrant carried the right to subscribe for 1 new ordinary share of RM0.01 each in the Company at any time from 21 December 2015 up to the expiry date on 20 December 2020, at an exercise price of RM0.01 for each new share. Any warrant not exercised by the expiry of the exercise period will lapse and cease to be valid for all purposes. The Warrants B are constituted by a Deed Poll dated 12 November 2015.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

DIRECTORS' REPORT

WARRANTS (CONT'D)

Warrants B (2015/2020) (Cont'd)

All the ordinary shares issued from the exercise of Warrants A and Warrants B rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of new shares arising from the exercise of Warrants A and Warrants B.

During the financial year, the Group undertook a Share Consolidation exercise to consolidate every twenty ordinary shares into 1 ordinary shares. Pursuant to Condition 3(A)(i) and 3(E) of the Third Schedule in the amended Deed Poll, the exercise price of warrants held by each warrant holder were adjusted from RM0.01 to RM0.20 and the number of warrants were adjusted from 3,079,077,387 to 153,953,869 accordingly.

The movement in the number of Warrants B during the financial year are as follows:-

	Number of Warrants B			
	At 1.10.2016	Warrant Consolidation	Sold	At 30.9.2017
Warrants B	3,079,077,387	(2,925,123,518)	-	153,953,869

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there were no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

DIRECTORS' REPORT

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 41 to the financial statements. At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

DIRECTORS' REPORT

DIRECTORS

The names of directors of the Company who served during the financial year until the date of this report are as follows:-

Tuan Haji Ibrahim Bin Haji Baki
Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat
Ling Li Kuang
Katrina Ling Shiek Ngee
Lai Lian Yee
Royston Ling Ing Ding (Appointed on 29.5.2017, resigned and re-appointed as alternate director to Ling Li Kuang on 17.1.2018)
Chin Mui Khiong (Appointed on 17.1.2018)
Jem Magnaye (Resigned on 29.5.2017)

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows:-

Bernard Ling Ing Tah
Lau Swee Eng
Tie Teck Ngiet

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and warrants of the Company and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares				
	At 1.10.2016	Share Consolidation	Bought	Sold	At 30.9.2017
Direct Interest:					
Tuan Haji Ibrahim Bin Haji Baki	10,000	(9,500)	-	-	500
Ling Li Kuang	436,305,990	(414,490,691)	-	(21,392,500)	422,799
Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat	150,900,000	(143,355,000)	-	(7,500,000)	45,000
Lai Lian Yee	167,000	(158,650)	-	-	8,350
Indirect interests in the Company:					
Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat#	-	-	147,332,100	-	147,332,100

Deemed interested by virtue of his direct substantial shareholding in BNDM Incorporated Holdings Sdn. Bhd.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and warrants of the Company and its related corporations during the financial year are as follows (cont'd):-

	Number Of Warrants A			
	At 1.10.2016	Warrant Consolidation	Sold	At 30.9.2017
Direct Warrantholdings:				
Ling Li Kuang	3,843,200	(3,651,040)	-	192,160
Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat	49,600	(47,120)	-	2,480
Deemed warrantholdings through their family members in the Company:				
Ling Li Kuang	4,489,978	(4,265,479)	(224,499)	-
Katrina Ling Shiek Ngee	8,333,178	(7,916,519)	(224,499)	192,160
Lai Lian Yee	74,400	(70,680)	-	3,720
Royston Ling Ing Ding	8,333,178	(7,916,519)	(224,499)	192,160

	Number Of Warrants B			
	At 1.10.2016	Warrant Consolidation	Sold	At 30.9.2017
Direct Warrantholdings:				
Ling Li Kuang	103,513,997	(98,338,297)	(5,175,700)	-
Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat	200,150,000	(190,142,500)	-	10,007,500
Deemed warrantholdings through their family members in the Company:				
Katrina Ling Shiek Ngee	103,513,997	(98,338,297)	(5,175,700)	-
Royston Ling Ing Ding	103,513,997	(98,338,297)	(5,175,700)	-

The Company undertook a share capital reduction exercise during the financial year to cancel RM0.005 of its par value of every existing issued and fully paid-up ordinary share of RM0.01 each and the share capital reduction was completed on 26 January 2017.

On 15 February 2017, the Company had consolidated its issued share capital on the basis of twenty ordinary shares of RM0.005 each into one ordinary share of RM0.10 each of the Company.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporation) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 32 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 38 to the financial statements.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

DIRECTORS' REPORT

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 25 and Note 27 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 January 2018.

Ling Li Kuang

Katrina Ling Shiek Ngee

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Ling Li Kuang and Katrina Ling Shiek Ngee, being two of the directors of Hubline Berhad, state that, in the opinion of the directors, the financial statements set out on pages 17 to 104 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2017 and of their financial performance and cash flows for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 January 2018.

Ling Li Kuang **Katrina Ling Shiek Ngee**

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ling Li Kuang, I/C No. 530105-13-5525, being the director primarily responsible for the financial management of Hubline Berhad, do solemnly and sincerely declare that the financial statements set out on pages 17 to 104 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Ling Li Kuang, I/C No. 530105-13-5525,
at Kuching in the State of Sarawak
on this 17 January 2018

Ling Li Kuang

Before me,

Phang Dah Nan
Commissioner for Oaths
No. Q 119

PHANG DAH NAN
Commissioner For Oaths
No. 55, 1st Floor,
Jalan Chan Bee Kiew
Off Jalan Padungan,
93100 Kuching, Sarawak.

COMMISSIONER FOR OATHS
NO. Q 119
PHANG DAH NAN
MALAYSIA

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUBLINE BERHAD

(Incorporated in Malaysia)
Company No: 23568-H

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hubline Berhad, which comprise the statements of financial position as at 30 September 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of carrying amounts of vessels Refer to Note 5 in the financial statements	
Key Audit Matter	**How our audit addresses the Key Audit Matter**

As at 30 September 2017, the carrying amounts of vessels amounted to approximately RM155.7 million and represent 61% of the Group's total assets.
 	
The Group estimates the recoverable amounts of the vessels using value-in-use ("VIU") method based on cash flow projections covering the useful lives of the vessels. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the cash generating units and discounting them at an appropriate discount rate.
 	
Significant management judgement and estimation are involved in determining the estimated recoverable amounts of the vessels. The recoverable amounts are compared to the carrying values of the vessels of the cash-generating unit as a whole. If the recoverable amounts are lower, the carrying values of the assets are reduced to its estimated recoverable amounts and the difference is regarded as impairment loss.
 	
Given the significant risks and complexity involved in estimating the VIU of the vessels, we have identified the above requiring audit consideration.
	Our procedures included, amongst others:-
	
	• We document and evaluate the controls designed to assess the effectiveness of the Group's implementation of the control policies and procedures in estimating the VIU;
	
	• We assess the reasonableness of the key judgement and the basis of major assumptions or estimation used by the management team in regard to key factors contributing to the VIU as follows:-
	
	  • Evaluate the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money;
	
	  • Assess and test the key assumptions of future charter hire rates by comparing to the terms and conditions stipulated in the time charter party agreements entered into with the lessee;
	
	  • Assess whether the assumptions on the future refurbishment costs and operating costs are supportable when compared to the past trends;

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

Key Audit Matters (Cont'd)

Recoverability of carrying amounts of vessels (Cont'd) Refer to Note 5 in the financial statements	
Key Audit Matter (Cont'd)	**How our audit addresses the Key Audit Matter (Cont'd)**

	Our procedures included, amongst others (Cont'd):-
	
	• We assess the reasonableness of the key judgement and the basis of major assumptions or estimation used by the management team in regard to key factors contributing to the VIU as follows (Cont'd):-
	  ◦ Assess the reasonableness of the growth rate; and
	  ◦ Assess the sensitivity of the VIU amount to changes in the discount rate and long term charter hire rates applied.
	
	• We check the accuracy of the mathematical computation as well as assess the competency of the management team;
	
	• We compare the cash flows used in the calculations to the current financial budgets and cash flow projections approved by the directors; and
	
	• We evaluate the adequacy of the disclosures of each key assumption on which the Group has based its cash flow projections and to which the recoverable amount is most sensitive.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

Key Audit Matters (Cont'd)

Collectability of and impairment allowances for receivables Refer to Note 9 in the financial statements	
Key Audit Matter (Cont'd)	**How our audit addresses the Key Audit Matter (Cont'd)**
As at 30 September 2017, trade receivables comprise 17% of the Group's total assets. This represents a significant proportion of the Group's working capital. The balance of receivables aged more than 1 year is 76% of the trade receivables account in line with its agreed upon settlement agreement. The Group has taken into consideration the aging status and the likelihood of collection in determining whether allowance for impairment is required. We focus on this area as a key audit matter due to the significant judgements made by the management in determining the collectability of the receivables.	Our procedures included, amongst others:- • We review the design and test the operating effectiveness of key controls over the identification and timeliness of identifying impairment indicators; • We evaluate management's continuous assessment of the appropriateness of assumptions used in the impairment assessment. These considerations include whether there are regular receipts from the customers, past collection history and settlement agreements; • We obtain the aging analysis of trade receivables and discuss with management the reasons of any long outstanding amounts; • We check subsequent settlements from customers and ensure that adequate allowance has been provided to write down the carrying amount to recoverable amount; • We examine the supporting documents in relation to management consideration as indicators to recognition of allowance for doubtful amount; and • We examine the appropriateness of the classification between current and non-current amount and check computation of the present value of estimated future collections discounted at a reasonable discount rate.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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HUDSON CHUA JAIN
CA(M), CA(NZ), CPA(AUST)
CHARTERED ACCOUNTANT (MIA 11661)

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Hudson Chua Jain
Approval No: 2538/05/18(J)
Chartered Accountant

Kuching

17 January 2018

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2017

		The Group		The Company	
		2017	2016	2017	2016
	NOTE	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	164,130,991	158,530,660	3,847	4,946
Goodwill	6	15,206,740	15,206,740	-	-
Investment in subsidiaries	7	-	-	148,600,051	148,600,051
Deferred tax assets	8	1,703,460	1,603,887	-	-
Trade receivables	9	32,120,673	38,232,007	-	-
Other receivables	10	2,344,510	3,244,160	-	-
		215,506,374	216,817,454	148,603,898	148,604,997
CURRENT ASSETS					
Inventories	11	5,627,091	5,059,909	-	-
Trade receivables	9	12,427,260	13,695,085	-	-
Other receivables, deposits and prepayments	10	5,697,249	2,728,596	86,000	139,597
Amount owing by subsidiaries	12	-	-	33,463,242	45,711,718
Fixed deposits with licensed banks	13	3,172,000	3,804,600	3,172,000	3,804,600
Cash and bank balances		7,984,277	12,318,192	1,369,943	7,374,844
Tax refundable		613,050	920,146	749	-
		35,520,927	38,526,528	38,091,934	57,030,759
Assets of discontinued operations classified as held for sale	14	4,746,000	8,217,926	-	-
		40,266,927	46,744,454	38,091,934	57,030,759
TOTAL ASSETS		255,773,301	263,561,908	186,695,832	205,635,756

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HUDSON CHUA JAIN
CA(M), CA(NZ), CPA(AUST)
CHARTERED ACCOUNTANT (MIA 11661)

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2017 (CONT'D)

		The Group		The Company	
		2017	2016	2017	2016
	NOTE	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	99,070,098	126,540,196	99,070,098	126,540,196
Share premium	15	-	529,340	-	529,340
Warrant reserves	15	90,693,255	90,693,255	90,693,255	90,693,255
Treasury shares	15	(4,192,396)	(4,192,396)	(4,192,396)	(4,192,396)
Capital reserves	15	(58,625,363)	(58,625,363)	(58,625,363)	(58,625,363)
Redeemable convertible notes	16	1,215,599	-	1,215,599	-
Foreign currency translation reserves	17	(14,533,465)	(14,919,640)	-	-
Accumulated losses		(39,272,317)	(82,911,165)	(67,245,549)	(92,954,896)
TOTAL EQUITY		74,355,411	57,114,227	60,915,644	61,990,136
NON-CURRENT LIABILITIES					
Long-term borrowings	18	67,239,106	86,641,789	64,239,106	80,629,924
Deferred tax liabilities	8	11,629,125	11,202,845	383,873	-
Other payables	19	2,208,106	5,190,053	2,208,106	5,190,053
Redeemable convertible notes	16	5,600,528	-	5,600,528	-
		86,676,865	103,034,687	72,431,613	85,819,977
CURRENT LIABILITIES					
Short-term borrowings	18	58,893,322	63,342,127	45,921,509	50,625,416
Trade payables	20	14,405,135	10,709,825	-	-
Other payables and accruals	19	21,276,827	29,198,841	6,938,794	7,138,420
Amount owing to subsidiaries	12	-	-	488,272	39,048
Amount owing to directors	21	91,966	79,966	-	-
Provision for taxation		73,775	82,235	-	22,759
		94,741,025	103,412,994	53,348,575	57,825,643
TOTAL LIABILITIES		181,417,890	206,447,681	125,780,188	143,645,620
TOTAL EQUITY AND LIABILITIES		255,773,301	263,561,908	186,695,832	205,635,756

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HUDSON CHUA JAIN
CA(M), CA(NZ), CPA(AUST)
CHARTERED ACCOUNTANT (MIA 11661)

The annexed notes form an integral part of these financial statements.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

		The Group		The Company	
		2017	2016	2017	2016
	NOTE	RM	RM	RM	RM
CONTINUING OPERATIONS					
REVENUE	22	94,082,847	86,864,393	-	3,900,000
COST OF SALES		(87,310,017)	(78,716,175)	-	-
GROSS PROFIT		6,772,830	8,148,218	-	3,900,000
OTHER INCOME	23	2,852,688	7,600,268	1,219,455	6,403,020
		9,625,518	15,748,486	1,219,455	10,303,020
ADMINISTRATIVE EXPENSES AND OTHER OPERATING EXPENSES		(13,775,578)	(10,838,041)	(29,084,522)	(95,865,868)
(LOSS)/PROFIT FROM OPERATIONS		(4,150,060)	4,910,445	(27,865,067)	(85,562,848)
FINANCE COSTS	24	(1,020,178)	(1,211,927)	-	-
(LOSS)/PROFIT BEFORE TAXATION	25	(5,170,238)	3,698,518	(27,865,067)	(85,562,848)
INCOME TAX EXPENSE	26	(365,752)	114,854	24,257	-
(LOSS)/PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		(5,535,990)	3,813,372	(27,840,810)	(85,562,848)
DISCONTINUED OPERATIONS					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	27	(14,095,260)	(94,883,652)	(9,719,941)	(7,392,048)
LOSS AFTER TAXATION		(19,631,250)	(91,070,280)	(37,560,751)	(92,954,896)
OTHER COMPREHENSIVE INCOME/ (EXPENSES)					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		386,175	15,431,092	-	-
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO OWNERS		(19,245,075)	(75,639,188)	(37,560,751)	(92,954,896)

(LOSS)/PROFIT PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (CENT PER SHARE):

		2017	2016
Basic:			
- continuing operations	28	-0.43	0.03
- discontinued operations		-1.11	-0.75
Diluted:			
- continuing operations		N/A	N/A
- discontinued operations		N/A	N/A

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HUDSON CHUA JAIN
CA(M), CA(NZ), CPA(AUST)
CHARTERED ACCOUNTANT (MIA 11661)

The annexed notes form an integral part of these financial statements.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

		<----	----	---- Non-Distributable	----	----	---->		
	NOTE	Share Capital RM	Share Premium RM	Warrant Reserves RM	Treasury Shares RM	Foreign Currency Translation Reserves RM	Capital Reserves RM	Accumulated Losses RM	Total Equity RM
The Group									
Balance at 1.10.2015		579,276,375	2,357,179	71,669,843	(4,192,396)	(30,350,732)	-	(578,171,904)	40,588,365
Loss after taxation for the financial year		-	-	-	-	-	-	(91,070,280)	(91,070,280)
Other comprehensive income for the financial year		-	-	-	-	15,431,092	-	-	15,431,092
Total comprehensive income/ (expenses) for the financial year		-	-	-	-	15,431,092	-	(91,070,280)	(75,639,188)
Contributions by and distributions to owners of the Company:									
- Effects of par value reduction	15	(546,729,068)	-	-	-	-	(39,601,951)	586,331,019	-
- Issuance arising from right issues and private placement	15	93,992,889	-	19,023,412	-	-	(19,023,412)	-	93,992,889
- Share issue expenses		-	(1,827,839)	-	-	-	-	-	(1,827,839)
Total transactions with owners		(452,736,179)	(1,827,839)	19,023,412	-	-	(58,625,363)	586,331,019	92,165,050
Balance at 30.9.2016		126,540,196	529,340	90,693,255	(4,192,396)	(14,919,640)	(58,625,363)	(82,911,165)	57,114,227

The annexed notes form an integral part of these financial statements.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

	NOTE	Share Capital RM	Share Premium RM	Warrant Reserves RM	Treasury Shares RM	Foreign Currency Translation Reserves RM	Capital Reserves RM	Redeemable Convertible Notes RM	Accumulated Losses RM	Total Equity RM
		< ---- Non-Distributable ---- >								
The Group										
Balance at 30.9.2016/1.10.2016		126,540,196	529,340	90,693,255	(4,192,396)	(14,919,640)	(58,625,363)	-	(82,911,165)	57,114,227
Loss after taxation for the financial year		-	-	-	-	-	-	-	(19,631,250)	(19,631,250)
Other comprehensive income for the financial year		-	-	-	-	386,175	-	-	-	386,175
Total comprehensive income/(expenses) for the financial year		-	-	-	-	386,175	-	-	(19,631,250)	(19,245,075)
Contributions by and distributions to owners of the Company:										
- Effects of par value reduction	15	(63,270,098)	-	-	-	-	-	-	63,270,098	-
- Issuance of redeemable convertible notes	16	-	-	-	-	-	-	6,269,981	-	6,269,981
- Conversion of redeemable convertible notes	15	35,800,000	-	-	-	-	-	(5,054,382)	-	30,745,618
- Redeemable convertible notes issue expenses		-	(529,340)	-	-	-	-	-	-	(529,340)
Total transactions with owners		(27,470,098)	(529,340)	-	-	-	-	1,215,599	63,270,098	36,486,259
Balance at 30.9.2017		99,070,098	-	90,693,255	(4,192,396)	(14,533,465)	(58,625,363)	1,215,599	(39,272,317)	74,355,411

The annexed notes form an integral part of these financial statements.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

	NOTE	Share Capital RM	Share Premium RM	Warrant Reserves RM	Treasury Shares RM	Capital Reserves RM	Accumulated Losses RM	Total Equity RM
The Company								
Balance at 1.10.2015		579,276,375	2,357,179	71,669,843	(4,192,396)	-	(586,331,019)	62,779,982
Loss after taxation representing total comprehensive expenses for the financial year		-	-	-	-	-	(92,954,896)	(92,954,896)
Contributions by and distributions to owners of the Company:								
- Effects of par value reduction	15	(546,729,068)	-	-	-	(39,601,951)	586,331,019	-
- Issuance arising from right issues and private placement	15	93,992,889	-	19,023,412	-	(19,023,412)	-	93,992,889
- Share issue expenses		-	(1,827,839)	-	-	-	-	(1,827,839)
Total transactions with owners		(452,736,179)	(1,827,839)	19,023,412	-	(58,625,363)	586,331,019	92,165,050
Balance at 30.9.2016		126,540,196	529,340	90,693,255	(4,192,396)	(58,625,363)	(92,954,896)	61,990,136

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

		<---------- Non-Distributable				---------->			
	NOTE	Share Capital RM	Share Premium RM	Warrant Reserves RM	Treasury Shares RM	Capital Reserves RM	Redeemable Convertible Notes RM	Accumulated Losses RM	Total Equity RM
The Company									
Balance at 30.9.2016/1.10.2016		126,540,196	529,340	90,693,255	(4,192,396)	(58,625,363)	-	(92,954,896)	61,990,136
Loss after taxation representing total comprehensive expenses for the financial year		-	-	-	-	-	-	(37,560,751)	(37,560,751)
Contributions by and distributions to owners of the Company:									
- Effects of par value reduction	15	(63,270,098)	-	-	-	-	-	63,270,098	-
- Issuance of redeemable convertible notes	16	-	-	-	-	-	6,269,981	-	6,269,981
- Conversion of redeemable convertible notes	15	35,800,000	-	-	-	-	(5,054,382)	-	30,745,618
- Redeemable convertible notes issue expenses		-	(529,340)	-	-	-	-	-	(529,340)
Total transactions with owners		(27,470,098)	(529,340)	-	-	-	1,215,599	63,270,098	36,486,259
Balance at 30.9.2017		99,070,098	-	90,693,255	(4,192,396)	(58,625,363)	1,215,599	(67,245,549)	60,915,644

The annexed notes form an integral part of these financial statements.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

		The Group		The Company	
		2017	2016	2017	2016
	NOTE	RM	RM	RM	RM
CASH FLOWS FOR OPERATING ACTIVITIES					
(Loss)/Profit before taxation:-					
From continuing operations		(5,170,238)	3,698,518	(27,865,067)	(85,562,848)
From discontinued operations		(14,095,007)	(95,308,711)	(9,719,941)	(7,392,048)
		(19,265,245)	(91,610,193)	(37,585,008)	(92,954,896)
Adjustments for:-					
Amount waived by payables		(20,216)	-	-	-
Depreciation of property, plant and equipment		13,444,764	24,992,659	1,099	616
Dividend income		-	-	-	(3,900,000)
Loss from deregistered subsidiary and subsidiaries under members' voluntary liquidation		-	14,383,082	-	-
(Gain)/Loss on disposal of property, plant and equipment		(276,950)	24,272,973	-	-
Gain on disposal of assets held for sale		(248,322)	-	-	-
Gain on disposal of subsidiaries		-	(1,273,029)	-	(2)
Gain on unrealised foreign exchange		(937,101)	(3,530,185)	(553,738)	(3,932,670)
Impairment loss:-					
investment in subsidiaries		-	-	-	4
property, plant and equipment		216,000	19,971,221	-	-
Allowance for impairment losses:-					
amount owing by subsidiaries		-	-	20,219,059	90,697,881
trade and other receivables		2,046,115	6,010,884	-	-
Interest expenses		8,306,617	9,505,846	7,286,439	7,392,050
Interest income		(58,701)	(549,796)	(664,916)	(2,072,584)
Operating profit/(loss) before working capital changes		3,206,961	2,173,462	(11,297,065)	(4,769,601)
BALANCE CARRIED FORWARD		3,206,961	2,173,462	(11,297,065)	(4,769,601)

HUBLINE BERHAD

(Incorporated in Malaysia)
Company No: 23568-H

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

		The Group		The Company	
		2017	2016	2017	2016
	NOTE	RM	RM	RM	RM
BALANCE BROUGHT FORWARD		3,206,961	2,173,462	(11,297,065)	(4,769,601)
(Increase)/Decrease in inventories		(567,182)	204,600	-	-
Decrease/(Increase) in trade and other receivables		4,457,078	(2,136,815)	53,597	(139,597)
Net effect of changes in amount owing to subsidiaries		-	-	(7,803,399)	(103,475,656)
(Decrease)/Increase in trade and other payables		(14,653,562)	(45,449,871)	(3,109,359)	7,298,169
Increase/(Decrease) in amount owing to directors		12,000	(305,086)	-	-
CASH FOR OPERATIONS		(7,544,705)	(45,513,710)	(22,156,226)	(101,086,685)
Interest paid		(8,306,617)	(9,505,846)	(7,286,439)	(7,392,050)
Tax refunded		856,239	7,457	1,498	-
Income tax paid		(1,046,174)	(1,375,661)	(749)	(749)
NET CASH FOR OPERATING ACTIVITIES		(16,041,257)	(56,387,760)	(29,441,916)	(108,479,484)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Dividend received		-	-	-	3,900,000
Interest received		58,701	549,796	664,916	2,072,584
Purchase of property, plant and equipment	29	(2,509,024)	(14,222,075)	-	(5,495)
Proceeds from disposal of property, plant and equipment		2,061,006	12,832,914	-	-
Proceeds from disposal of assets held for sale		3,720,248	-	-	-
Net cash outflows from deregistered subsidiary and subsidiaries under members' voluntary liquidation		-	(23,540)	-	-
Net proceeds from disposal of subsidiaries		-	27,281	-	2
NET CASH FROM/(FOR) INVESTING ACTIVITIES		3,330,931	(835,624)	664,916	5,967,091

The annexed notes form an integral part of these financial statements.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

		The Group		The Company	
		2017	2016	2017	2016
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Net repayment of hire purchase and lease financing		(34,478)	(42,779)	-	-
Net (repayment)/proceeds of other borrowings		(23,865,576)	(21,234,998)	(20,331,161)	21,621,031
Decrease/(Increase) in cash at bank pledged for borrowings		6,017,100	(6,596,568)	6,017,100	(6,596,568)
Proceeds from issuance of shares		-	93,992,889	-	93,992,889
Proceeds from issuance of redeemable convertible notes		32,762,667	-	43,000,000	-
Share/redeemable convertible notes issue expenses		(529,340)	(1,827,839)	(529,340)	(1,827,839)
NET CASH FROM FINANCING ACTIVITIES		14,350,373	64,290,705	28,156,599	107,189,513
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,640,047	7,067,321	(620,401)	4,677,120
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(589,462)	778,355	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		9,258,149	1,412,473	4,314,801	(362,319)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30	10,308,734	9,258,149	3,694,400	4,314,801

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and principal place of business are as follows:-

Registered office and principal place of business	:	Wisma Hubline, Lease 3815 (Lot 10914), Section 64, KTLD, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 January 2018.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 7.

3. BASIS OF PREPARATION

The financial statements of the Group and the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters • Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(b) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available and capital allowances against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future freight revenue, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying amount of deferred tax assets of the Group at 30 September 2017 was RM1,703,460 (2016 - RM1,603,887).

(c) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Useful Life of Vessels

The cost of vessels is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these vessels to be between 5 and 30 years. Changes in the expected level of usage and regulations could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(f) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

4.4 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are classified as held for trading unless they are designated as hedges.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where such shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FAIR VALUE MEASUREMENT

The Group and the Company measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of the financial instruments measured at amortised cost are disclosed in Note 35.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair values is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Furniture, fittings and motor vehicles	2 years to 10 years
Plant and machinery	5 years to 10 years
Vessels and vessel equipment	3 years to 30 years

Capital work in progress represents assets under construction and which are not ready for commercial use at the end of the reporting period. Capital work in progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.9 LEASED ASSETS

(a) Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASED ASSETS (CONT'D)

(b) Operating Lease (Cont'd)

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.10 GOODWILL

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 INVENTORIES

Inventories comprise bunker, lubricant, ship stores and spare parts held for own consumption and are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

4.12 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit of loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares hold, for the effects of all dilutive potential ordinary shares.

4.13 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 INCOME TAXES

Income tax in the profit or loss and other comprehensive income comprises current and deferred tax.

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit of loss except to extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets recognised are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.16 PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.18 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

4.20 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognized in profit or loss. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

4.22 COMPOUND FINANCIAL INSTRUMENTS

Compound financial instruments issued by the Company comprise Redeemable Convertible Notes ("RCN") that can be converted to share capital at the option of the holder.

The proceeds from the issuance of the redeemable convertible notes are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 REVENUE AND OTHER INCOME

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(a) Freight Revenue

Ocean freight revenue and terminal handling revenue for dry bulk shipping and their relevant discharging costs are accrued in profit or loss. Revenue and expenses from incomplete voyages are recognised in proportion to their stage of completion. The stage of completion is determined by the number of days of the voyages completed in relation to the total voyage days for vessels in voyage as at the reporting date. If it is likely that the total expenses from incomplete voyages will exceed their total revenue, the expected loss is recognised as an expense.

(b) Charter Income

Income from vessels employed under charter hire and other related revenue are recognised on an accruals basis.

(c) Revenue from Services

Revenue from providing shipping agency services is recognised net of discount as and when the services are performed.

(d) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(e) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

5. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.10.2016 RM	Additions RM	Disposals RM	Reclassification RM	Exchange differences RM	Impairment losses RM	Depreciation charges RM	At 30.9.2017 RM
Carrying amount								
Furniture, fittings and motor vehicles	323,052	153,098	-	(12,064)	-	-	(182,645)	281,441
Plant and machinery	10,960,430	-	(384,520)	-	166,235	-	(2,667,471)	8,074,674
Vessels and vessel equipment	139,632,043	7,873,958	(1,399,536)	19,604,257	874,802	(216,000)	(10,594,648)	155,774,876
Work-in-progress	7,615,135	11,977,058	-	(19,592,193)	-	-	-	-
	158,530,660	20,004,114	(1,784,056)	-	1,041,037	(216,000)	(13,444,764)	164,130,991

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.10.2015 RM	Additions RM	Disposals RM	Attributable to disposal/winding up/strike off of subsidiaries RM	Classified as assets held for sale RM	Exchange differences RM	Impairment losses RM	Depreciation charges RM	At 30.9.2016 RM
Carrying amount									
Furniture, fittings and motor vehicles	2,682,149	79,156	-	(2,252,137)	-	-	-	(186,116)	323,052
Plant and machinery	43,197,260	-	(16,195,613)	(218,179)	-	(813,731)	(3,906,106)	(11,103,201)	10,960,430
Vessels and vessel equipment	194,002,013	6,527,784	(20,910,274)	(90,000)	(8,217,926)	(1,911,097)	(16,065,115)	(13,703,342)	139,632,043
Work-in-progress	-	7,615,135	-	-	-	-	-	-	7,615,135
	239,881,422	14,222,075	(37,105,887)	(2,560,316)	(8,217,926)	(2,724,828)	(19,971,221)	(24,992,659)	158,530,660

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5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.10.2016 RM	Additions RM	Depreciation charge RM	At 30.9.2017 RM
Carrying amount				
Furniture and fittings	4,946	-	(1,099)	3,847

The Company	At 1.10.2015 RM	Additions RM	Depreciation charge RM	At 30.9.2016 RM
Carrying amount				
Furniture and fittings	67	5,495	(616)	4,946

The Group	At cost RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amount RM
30.9.2017				
Furniture, fittings and motor vehicles	1,584,305	(1,302,864)	-	281,441
Plant and machinery	47,959,139	(25,036,958)	(14,847,507)	8,074,674
Vessels and vessel equipment	218,859,899	(61,669,023)	(1,416,000)	155,774,876
	268,403,343	(88,008,845)	(16,263,507)	164,130,991

The Group	At cost RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amount RM
30.9.2016				
Furniture, fittings and motor vehicles	1,671,271	(1,348,219)	-	323,052
Plant and machinery	51,099,623	(25,596,004)	(14,543,189)	10,960,430
Vessels and vessel equipment	221,263,284	(80,431,241)	(1,200,000)	139,632,043
Work-in-progress	7,615,135	-	-	7,615,135
	281,649,313	(107,375,464)	(15,743,189)	158,530,660

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At cost RM	Accumulated depreciation RM	Carrying amount RM
30.9.2017			
Furniture and fittings	13,008	(9,161)	3,847

The Company	At cost RM	Accumulated depreciation RM	Carrying amount RM
30.9.2016			
Furniture and fittings	13,008	(8,062)	4,946

(a) Carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	The Group 2017 RM	2016 RM
Furniture, fittings and motor vehicle	46,278	66,846

(b) Carrying amount of property, plant and equipment pledged as securities for banking facilities granted to the Group and the Company are as follows:

	The Group 2017 RM	2016 RM
Vessels and vessel equipment	129,050,805	139,632,043

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

6. GOODWILL

The Group	At 1.10.2016 RM	Impairment loss RM	At 30.9.2017 RM
Carrying amount			
Goodwill	15,206,740	-	15,206,740

The Group	At 1.10.2015 RM	Impairment loss RM	At 30.9.2016 RM
Carrying amount			
Goodwill	15,206,740	-	15,206,740

The Group	At cost RM	Accumulated impairment RM	Carrying amount RM
30.9.2017			
Goodwill	15,206,740	-	15,206,740

The Group	At cost RM	Accumulated impairment RM	Carrying amount RM
30.9.2016			
Goodwill	15,206,740	-	15,206,740

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

6. GOODWILL (CONT'D)

The carrying amounts of goodwill are allocated to the Group's cash-generating unit (CGU) of shipping business.

The Group has assessed its recoverable amount which is determined using the value in use approach. Cash flows projections are based on 5 years financial budgets approved by management. Cash flows beyond the 5th year are extrapolated to 18 years based on 3% (2016 – 2%) growth rate.

The recoverable amount of a CGU is determined based on pre-tax cash flow projections of the shipping operations. The pre-tax discount rate applied to the cash flow projections are derived from the weighted average cost of capital of the Group plus a reasonable risk premium.

The key assumptions used in the value-in-use calculations are an average growth rate of 3% (2016 - 2%) per annum with a discount factor of 13.5% pre tax (2016 – 13%). Management is of the opinion that there are no foreseeable changes in any of the above assumptions that would cause the carrying amounts of the respective CGUs to materially exceed their recoverable amounts.

7. INVESTMENT IN SUBSIDIARIES

	The Company	
	2017	2016
	RM	RM
Unquoted shares, at cost		
- in Malaysia	179,593,359	179,593,359
- outside Malaysia	4	4
	179,593,363	179,593,363
Less: Accumulated impairment losses	(30,993,312)	(30,993,312)
	148,600,051	148,600,051

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest 2017 %	Effective Equity Interest 2016 %	Principal Activities
EM Carriers Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer ; partial discontinued operation
Whittler Company Ltd.^*	British Virgin Islands	100	100	Dormant
Hub Continental Shipping Sdn. Bhd.^*	Malaysia	100	100	Dormant
Ozlink Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Patimico Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Malaform Sdn. Bhd.*	Malaysia	100	100	Dormant
Highline Shipping Sdn. Bhd.	Malaysia	100	100	Investment holding, provision of management services and ship charterer
Hubline Asia Sdn. Bhd.^*	Malaysia	100	100	Dormant
Hubline Carrier Sdn. Bhd.^*	Malaysia	100	100	Dormant
Hubline Delta Sdn. Bhd.^	Malaysia	100	100	Ship owner and charterer ; partial discontinued operation
Hubline Equity Sdn. Bhd.*	Malaysia	100	100	Dormant
Hubline Fortune Sdn. Bhd.^*	Malaysia	100	100	Dormant
Hubline Glory Sdn. Bhd.^*	Malaysia	100	100	Dormant

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest 2017 %	Effective Equity Interest 2016 %	Principal Activities
Held through subsidiaries: Subsidiaries of Highline Shipping Sdn. Bhd.				
Many Plus Enterprise Sdn. Bhd.	Malaysia	100	100	Dormant
Many Plus Engineering Sdn. Bhd.	Malaysia	100	100	Sales of machine parts and accessories, repairs and maintenance of equipment
Everline Shipping Co. Ltd.	Labuan, Malaysia	100	100	Shipping
Ever Line Shipping Sdn. Bhd.	Malaysia	100	100	Dormant
Highline Asia Sdn. Bhd.	Malaysia	100	100	Shipping
Highline Carrier Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Equity Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Glory Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Harbour Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Integrated Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Jade Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Kinetic Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Logistics Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest 2017 %	2016 %	Principal Activities
Held through subsidiaries:				
Subsidiaries of Highline Shipping Sdn. Bhd. (cont'd)				
Highline Mariner Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Navigators Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Oceanic Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Pacific Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Quest Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Reliance Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Strategic Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Highline Trader Sdn. Bhd	Malaysia	100	100	Ship owner and charterer
Highline Union Sdn. Bhd.	Malaysia	100	100	Ship owner and charterer
Held through subsidiaries:				
Subsidiaries of Everline Shipping Company Ltd.				
Everline Asia Ltd.+	Labuan, Malaysia	100	100	Ship owner and charterer
Everline Bulk Ltd.+	Labuan, Malaysia	100	100	Ship owner and charterer
Everline Carrier Ltd.+	Labuan, Malaysia	100	100	Ship owner and charterer
Everline Demigod Ltd.+	Labuan, Malaysia	100	100	Ship owner and charterer

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

^ The auditors' report on the financial statements of the subsidiaries include "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiaries to continue as going concern in view of their capital deficiencies position as at the end of the current reporting period. The financial statements of these subsidiaries were prepared on going concern basis as the Company has undertaken to provide continued financial support to the subsidiaries.

* These subsidiaries have discontinued their operations in the previous financial year.

+ These subsidiaries were audited by member firms of Crowe Horwath International of which Crowe Horwath is a member.

8. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At 1 October	(9,598,958)	(10,916,438)	-	-
Recognised in profit or loss	57,166	1,317,480	-	-
Upon issuance of redeemable convertible notes (RCN)	(2,292,578)	-	(2,292,578)	-
Conversion of RCN during the year	1,908,705	-	1,908,705	-
At 30 September	(9,925,665)	(9,598,958)	(383,873)	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	1,703,460	1,603,887	-	-
Deferred tax liabilities	(11,629,125)	(11,202,845)	(383,873)	-
	(9,925,665)	(9,598,958)	(383,873)	-

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:-

	At 1.10.2016 RM	Recognised in profit or loss RM	Upon issuance of RCN RM	Conversion during the year RM	At 30.9.2017 RM
The Group					
2017					
Deferred Tax Liabilities					
Property, plant and equipment	(11,202,845)	(42,407)	-	-	(11,245,252)
Redeemable convertible notes	-	-	(2,292,578)	1,908,705	(383,873)
	(11,202,845)	(42,407)	(2,292,578)	1,908,705	(11,629,125)
Deferred Tax Assets					
Unabsorbed capital allowances	1,603,887	99,573	-	-	1,703,460
	(9,598,958)	57,166	(2,292,578)	1,908,705	(9,925,665)

	At 1.10.2015 RM	Recognised in profit or loss RM	At 30.9.2016 RM
The Group			
2016			
Deferred Tax Liabilities			
Property, plant and equipment	(12,446,841)	1,243,996	(11,202,845)
	(12,446,841)	1,243,996	(11,202,845)
Deferred Tax Assets			
Unrealised foreign exchange	790	(790)	-
Unabsorbed capital allowances	1,529,613	74,274	1,603,887
	1,530,403	73,484	1,603,887
	(10,916,438)	1,317,480	(9,598,958)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax assets have not been recoginsed in respect of the following items:

	The Group 2017 RM	2016 RM
Unused tax losses	13,654,073	8,975,961
Unabsorbed capital allowances	96,378,734	77,858,311
	110,032,807	86,834,272

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profit of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44 (5A) and (5B) of Income Tax Act, 1967.

9. TRADE RECEIVABLES

	The Group 2017 RM	2016 RM
Current		
Trade receivables	20,306,988	19,528,698
Less: Allowance for impairment losses	(7,879,728)	(5,833,613)
	12,427,260	13,695,085
Non-Current		
Trade receivable	32,120,673	38,232,007
	44,547,933	51,927,092
Allowance for impairment losses:-		
At 1 October	5,833,613	67,910,328
Addition during the financial year	2,046,115	5,682,513
Reversal of impairment losses	-	(67,759,228)
At 30 September	7,879,728	5,833,613

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

9. TRADE RECEIVABLES (CONT'D)

The maturities of trade receivables are as follows:

	The Group	
	2017	2016
	RM	RM
Current asset:		
Receivable within one year	12,427,260	13,695,085
Non-current asset:		
Receivable more than one year but less than five years	32,120,673	38,232,007
	44,547,933	51,927,092

Trade receivables are normally settled on an average term of 30 to 270 (2016 - 30 to 270) days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current				
Other receivables	5,903,390	2,900,162	-	-
Less: Allowance for impairment losses	(503,255)	(503,255)	-	-
	5,400,135	2,396,907	-	-
Deposits	161,463	328,776	86,000	139,597
Prepayments	135,651	2,913	-	-
	5,697,249	2,728,596	86,000	139,597
Non-Current				
Other receivable	2,344,510	3,244,160	-	-
	8,041,759	5,972,756	86,000	139,597

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Allowance for impairment losses:-				
At 1 October	503,255	174,884	-	-
Addition during the financial year	-	328,371	-	-
At 30 September	503,255	503,255	-	-

The maturities of other receivables are as follows:

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current asset:				
Receivable within one year	5,697,249	2,728,596	86,000	139,597
Non-current asset:				
Receivable more than one year but less than five years	2,344,510	3,244,160	-	-
	8,041,759	5,972,756	86,000	139,597

11. INVENTORIES

	The Group	
	2017	2016
	RM	RM
Trading stocks	2,994,564	2,744,968
Consumables	2,632,527	2,314,941
	5,627,091	5,059,909
Recognised in profit or loss:-		
Inventories recognised as cost of sales	48,629,682	38,691,330

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

12. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Company	
	2017	2016
	RM	RM
Amount owing by subsidiaries	105,095,120	97,574,410
Less: Allowance for impairment losses	(72,120,150)	(51,901,740)
	32,974,970	45,672,670
Allowance for impairment losses:-		
At 1 October	51,901,740	128,720,004
Addition during the financial year	20,219,059	90,697,881
Written off during the financial year	(649)	(167,516,145)
At 30 September	72,120,150	51,901,740
Presented after appropriate offsetting as follows:		
Amount owing by subsidiaries	33,463,242	45,711,718
Amount owing to subsidiaries	(488,272)	(39,048)
	32,974,970	45,672,670

The amount owing by/(to) subsidiaries of the Company are unsecured and have no fixed terms of repayment. A certain portion of the amount owing by these subsidiaries bore interest of 7.0% (2016 - 7.0%) per annum.

13. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed banks bore weighted average effective interest rates ranging from 2.80% to 3.05% (2016 – 3.5%) per annum. The fixed deposit have maturity periods ranging from 30 to 90 (2016 – 30 to 90) days for the Group and the Company respectively.

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

14. ASSETS OF DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE

The Group had ceased its container shipping operations and certain vessels was classified as assets held for sale in line with management's intention and plan to recover the value of the asset through a sale transactions rather through continuing use.

The assets of discontinued operations classified as held for sale are as follows:-

	The Group	
	2017	2016
	RM	RM
Assets		
Vessels and vessels equipment		
At 1 October	8,217,926	8,217,926
Disposal during the year	(3,471,926)	-
At 30 September	4,746,000	8,217,926

Assets of discontinued operations classified as held for sale with the carrying amount of RM4,746,000 (2016 - RM7,879,000) were pledged as securities for banking facilities granted to the Group and the Company as disclosed in Note 18.

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

15. SHARE CAPITAL, SHARE PREMIUM, WARRANT RESERVES, CAPITAL RESERVES AND TREASURY SHARES

	Number of Ordinary Shares		<------		Amount			------>
	Share capital	**Treasury shares**	**Share capital (issued and fully paid)** RM	**Share premium** RM	**Total share capital and share premium** RM	**Warrant reserves** RM	**Capital reserves** RM	**Treasury shares** RM
30 September 2017	1,271,881,104	(679,830)	99,070,098	-	99,070,098	90,693,255	(58,625,363)	(4,192,396)

	Number of Ordinary Shares of RM0.01 each		<------		Amount			------>
	Share capital	**Treasury shares**	**Share capital (issued and fully paid)** RM	**Share premium** RM	**Total share capital and share premium** RM	**Warrant reserves** RM	**Capital reserves** RM	**Treasury shares** RM
30 September 2016	12,654,019,566	(13,596,600)	126,540,196	529,340	127,069,536	90,693,255	(58,625,363)	(4,192,396)

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

15. SHARE CAPITAL, SHARE PREMIUM, WARRANT RESERVES, CAPITAL RESERVES AND TREASURY SHARES (CONT'D)

	The Company			
	2017	2016	2017	2016
	Number Of Shares		RM	RM
Authorised				
Ordinary shares of RM0.20 each				
At 1 October	N/A	5,000,000,000	N/A	1,000,000,000
Par value reduction	N/A	-	N/A	(950,000,000)
Ordinary shares of RM0.01 each	N/A	5,000,000,000	N/A	50,000,000
Creation during the year	N/A	95,000,000,000	N/A	950,000,000
At 30 September	N/A	100,000,000,000	N/A	1,000,000,000

N/A Not applicable pursuant to Companies Act 2016 which came into operation on 31 January 2017 as disclosed below.

	2017	2016	2017	2016
Issued and fully paid-up				
At 1 October				
Ordinary shares of				
- RM0.20 each	-	3,254,730,694	-	579,276,375
- RM0.01 each	12,654,019,566	-	126,540,196	-
Par value reduction	-	-	(63,270,098)	(546,729,068)
Ordinary shares of				
- RM0.01 each	-	3,254,730,694	-	32,547,307
- RM0.005 each	12,654,019,566	-	63,270,098	-
Capital restructuring				
- consolidation of share capital	(12,021,318,588)	-	-	-
Issuance of new shares under				
- Rights issue and private placement	-	9,399,288,872	-	93,992,889
- Conversion of redeemable convertible notes	639,180,126	-	35,800,000	-
At 30 September	1,271,881,104	12,654,019,566	99,070,098	126,540,196

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

15. SHARE CAPITAL, SHARE PREMIUM, WARRANT RESERVES, CAPITAL RESERVES AND TREASURY SHARES (CONT'D)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares or the relative entitlement of any of the members as a result of this transition.

During the financial year,

(i) the Company reduced the par value of its existing ordinary shares from RM0.01 to RM0.005 by way of cancellation of RM0.005 of the par value of every existing ordinary share of RM0.01 each;

(ii) the Company consolidated its issued share capital on the basis of twenty (20) ordinary shares of RM0.005 each into one (1) ordinary share of RM0.10 of the Company; and

(iii) the Company issued 639.18 million new ordinary share pursuant to the conversion of redeemable convertible notes. The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

15.1 SHARE PREMIUM

The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months form the commencement date of 31 January 2017 in the manner as allowed for under the Act. The Group and the Company has decided to utilised the share premium against the issuance expenses of redeemable convertible notes during the financial year.

15.2 WARRANT RESERVES

This represents the reserves arising from the issue of new ordinary shares with free detachable warrants effected on 11 November 2009, 30 May 2012, 22 October 2012 and 29 December 2015.

15.3 TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

15. SHARE CAPITAL, SHARE PREMIUM, WARRANT RESERVES, CAPITAL RESERVES AND TREASURY SHARES (CONT'D)

15.3 TREASURY SHARES (CONT'D)

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

15.4 CAPITAL RESERVES

The capital reserves arose from the issuance of free warrants. Capital reserves are transferred to warrant reserves upon the exercise of warrants or at the expiry date of warrants period.

16. REDEEMABLE CONVERTIBLE NOTES ("RCN")

On 10 January 2017, the shareholders of the Company at the Extraordinary General Meeting approved the issuance of RCN with an aggregate principal amount of up to RM80 million under a Redeemable Convertible Notes programme convertible into a maximum of 1,600 million ordinary shares of minimum conversion price at RM0.05 each in the Company, representing approximately 253% of 632,700,978 shares upon the completion of the Proposed Capital Restructuring and approximately 72% of 2,232,700,978 shares upon the full conversion of the Notes. The RCN has a tenure of 5 years up to February 2022 ("Maturity Date").

The proceeds from the issuance are to be utilised for the partial repayment of loans and working capital.

The salient features of the RCN are as follows:

(i) the RCN bear interest from the respective dates on which they are issued and registered at the rate of 1.0% per annum, payable semi-annually in arrears on 30 June and 31 December in each year with the last payment of interest being made on the Maturity Date;

(ii) the price at which each Conversion Share shall be issued upon conversion of the Notes be:

- in respect of Tranche 1 Notes, 80% of the average closing price per share on any three (3) consecutive business days as selected by the Noteholder(s) during the forty-five (45) business days immediately preceding the relevant conversion date on which shares were traded on the Main Market of Bursa Securities;

- in respect of Tranche 2 Notes, 82% of the average closing price per share on any three (3) consecutive business days as selected by the Noteholder(s) during the forty-five (45) business days immediately preceding the relevant conversion date on which shares were traded on the Main Market of Bursa Securities;

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

16. REDEEMABLE CONVERTIBLE NOTES ("RCN") (CONT'D)

The salient features of the RCN are as follows (cont'd):

(ii) the price at which each Conversion Share shall be issued upon conversion of the Notes be (cont'd):

- in respect of Tranche 3 Notes, 85% of the average closing price per share on any three (3) consecutive business days as selected by the Noteholder(s) during the forty-five (45) business days immediately preceding the relevant conversion date on which shares were traded on the Main Market of Bursa Securities; and

- in respect of Tranche 4 Notes, 90% of the average closing price per share on any three (3) consecutive business days as selected by the Noteholder(s) during the forty-five (45) business days immediately preceding the relevant conversion date on which shares were traded on the Main Market of Bursa Securities.

(iii) the RCN are convertible at the option of the RCN holders into ordinary shares of the Company, subject to the terms of the Redemption Option at any time after the issue date of the Notes and up to the day falling seven (7) days prior to the Maturity Date;

(iv) if the conversion price is less than or equal to 65% of the average of the daily traded volume weighted average price per new share for the forty-five (45) market days prior to the relevant closing date in respect of each first sub-tranche of the respective tranches of the Notes ("Conversion Downside Price"), the Company may redeem the Notes presented for conversion in cash at an amount calculated in accordance with the fixed formula; and

(v) any RCN not converted at maturity date may be redeemed by the Company at 100% of their principal amount.

The liability component and equity component of the RCN are allocated at initial recognition as follows:-

	The Group/The Company	
	2017	2016
	RM	RM
At 1 October	-	-
Issue during the financial year – liability component	29,981,651	-
Conversion to ordinary shares during the financial year	(24,381,123)	-
At 30 September	5,600,528	-

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

16. REDEEMABLE CONVERTIBLE NOTES ("RCN") (CONT'D)

The liability component and equity component of the RCN are allocated at initial recognition as follows (cont'd):-

	The Group/The Company	
	2017	2016
	RM	RM
Proceeds from issue of redeemable convertible notes	43,000,000	-
Transaction costs	(4,455,790)	-
Net proceeds	38,544,210	-
Equity component, net of deferred tax	(6,269,981)	-
Deferred tax liabilities (Note 8)	(2,292,578)	-
	(8,562,559)	-
Liability component of RCN at initial recognition	29,981,651	-

17. FOREIGN CURRENCY TRANSLATION RESERVES

	The Group	
	2017	2016
	RM	RM
At 1 October	(14,919,640)	(30,350,732)
Foreign currency translation	386,175	(1,946,473)
Transfered to profit or loss (Note 17.2)		
- disposal of subsidiaries	-	(654,217)
- deregistered or struck off of subsdiaries	-	18,031,782
At 30 September	(14,533,465)	(14,919,640)

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

17. FOREIGN CURRENCY TRANSLATION RESERVES (CONT'D)

17.1 FOREIGN EXCHANGE TRANSLATION RESERVES

The foreign currency translation reserves is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

17.2 TRANSFER TO PROFIT OR LOSS

In the previous financial year, the Company's subsidiaries, have been deregistered/disposed. Accordingly, the foreign currency translation reserves loss of RM17,377,565 was transferred to the profit or loss.

18. BORROWINGS

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Short-term borrowings:-				
Secured:				
Invoice financing	27,528,676	30,758,191	17,568,728	21,075,958
Hire purchase payables (Note 18.1)	11,865	34,478	-	-
Revolving credits	500,000	2,058,972	500,000	2,058,972
Term loans	16,893,021	17,091,028	13,893,021	14,091,028
Wa'd Al Murabahah Financing	13,959,760	13,399,458	13,959,760	13,399,458
	58,893,322	63,342,127	45,921,509	50,625,416

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

18. BORROWINGS (CONT'D)

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Long-term borrowings:-				
Secured:				
Invoice financing	975,192	2,701,504	975,192	2,701,504
Hire purchase payables (Note 18.1)	-	11,865	-	-
Revolving credit	250,000	867,675	250,000	867,675
Term loans	35,941,609	39,930,805	32,941,609	33,930,805
Wa'd Al Murabahah Financing	30,072,305	43,129,940	30,072,305	43,129,940
	67,239,106	86,641,789	64,239,106	80,629,924
Total borrowings:-				
Invoice financing (secured)	28,503,868	33,459,695	18,543,920	23,777,462
Hire purchase payables (secured)	11,865	46,343	-	-
Revolving credits (secured)	750,000	2,926,647	750,000	2,926,647
Term loans (secured)	52,834,630	57,021,833	46,834,630	48,021,833
Wa'd Al Murabahah Financing (secured)	44,032,065	56,529,398	44,032,065	56,529,398
	126,132,428	149,983,916	110,160,615	131,255,340

The remaining maturities of the loans and borrowings as at year end are as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Not later than one year	58,893,322	63,342,127	45,921,509	50,625,416
Later than one year and not later than two years	31,185,155	36,055,486	28,485,231	30,043,621
Later than two years and not later than five years	36,053,951	50,586,303	35,753,875	50,586,303
	126,132,428	149,983,916	110,160,615	131,255,340

18. BORROWINGS (CONT'D)

The secured borrowings of the Group are secured by the followings:-

(i) Vessels and vessel equipment of the Group as disclosed in Note 5 and Note 14;
(ii) Legal assignment of contract proceeds of long-term shipping contracts and insurances of charged vessels of the Group;
(iii) Upfront cash security deposit amounting to 4 months profit servicing in respect of the total facility limit extended deposited with the licensed banks;
(iv) Legal charge over all accounts opened with the licensed banks;
(v) Cash security deposit of USD 1 million with licensed banks of the Group; and
(vi) Personal guarantee by one director of the Company.

The Group is in the process of restructuring its banking facilities. Payments were made based on revised terms being negotiated. The repayment of loans have been classified based on these terms.

The bank borrowings bore weighted average effective interest rate as follows:-

	The Group		**The Company**	
	2017	2016	2017	2016
	%	%	%	%
Invoice financing (secured)	2.97% - 8.21%	2.42% - 8.44%	7.79% - 8.21%	7.70% - 8.31%
Hire purchase payables (secured)	5.02%	5.06%	-	-
Revolving credits (secured)	5.00% - 6.05%	5.00% - 6.15%	5.00% - 6.05%	5.00% - 6.15%
Term loans (secured)	6.43% - 6.71%	6.43% - 6.46%	6.43% - 6.67%	6.43% - 6.67%
Wa'd Al Murabahah Financing (secured)	7.00%	7.00%	7.00%	7.00%

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

18. BORROWINGS (CONT'D)

18.1. HIRE PURCHASE PAYABLES

The hire purchase payables are repayable as follows:-

	The Group 2017 RM	2016 RM
Minimum hire purchase payments:		
- not later than one year	11,984	35,976
- later than one year and not later than two years	-	11,984
	11,984	47,960
Less: Future finance charges	(119)	(1,617)
Present value of hire purchase payables	11,865	46,343

	The Group 2017 RM	2016 RM
<u>Current</u>		
Not later than one year	11,865	34,478
<u>Non-Current</u>		
Later than one year and not later than two years	-	11,865
	11,865	46,343

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19. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current				
Other payables	18,041,603	21,818,739	4,542,128	4,807,311
Accruals	3,235,224	7,380,102	2,396,666	2,331,109
	21,276,827	29,198,841	6,938,794	7,138,420
Non-Current				
Other payables	2,208,106	5,190,053	2,208,106	5,190,053
	23,484,933	34,388,894	9,146,900	12,328,473

Other payables and accruals are non-interest bearing and other payables are normally settled on an average term of six months (2016 - average term of six months) except for the non-current other payables.

20. TRADE PAYABLES

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 (2016 - 30 to 90) days.

21. AMOUNT OWING TO DIRECTORS

The amount owing to directors are unsecured, non-interest bearing and are repayable on demand.

22. REVENUE

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Shipping and related activities	91,683,442	86,437,936	-	-
Trading activities	2,399,405	426,457	-	-
Dividend income	-	-	-	3,900,000
	94,082,847	86,864,393	-	3,900,000

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

23. OTHER INCOME

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Foreign exchange gains:				
- realised	-	772,694	-	397,766
- unrealised	938,332	3,525,817	553,738	3,932,670
Gain on disposal of property, plant and equipment	105,627	27,000	-	-
Insurance recovery	1,294,845	671,580	-	-
Interest income	58,701	549,796	664,916	2,072,584
Rental income	9,025	9,604	-	-
Amount waived by payables	20,216	-	-	-
Gain from a subsidiary under members' voluntary liquidation	-	1,334,927	-	-
Miscellaneous	425,942	708,850	801	-
	2,852,688	7,600,268	1,219,455	6,403,020

24. FINANCE COSTS

	The Group	
	2017	2016
	RM	RM
Interest expense on:-		
Bankers' acceptance interest	517,513	-
Term loan interest	501,167	1,208,678
Hire purchase interest	1,498	3,249
	1,020,178	1,211,927

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

25. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
(Loss)/Profit before taxation is arrived at after charging:-				
Auditors' remuneration:				
- current financial year	236,820	234,525	36,000	36,000
- underprovision in the previous financial year	1,352	87,025	9,000	2,000
Depreciation of property, plant and equipment	11,566,992	10,598,523	1,099	616
Employee benefits expenses	4,996,574	4,694,655	2,328,066	1,798,676
Impairment loss of investment in subsidiaries	-	-	-	4
Allowance for impairment losses:				
- amount owing by subsidiaries	-	-	20,219,059	90,697,881
- trade and other receivables	1,432	396,132	-	-
Loss on foreign exchange:				
- realised	2,479,453	-	1,922,882	-
Non-executive directors' remuneration	228,000	323,020	180,000	275,020
Rental of premises	1,284,960	1,039,060	546,960	319,060

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

26. INCOME TAX EXPENSE

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Income tax:				
- Malaysian tax	162,571	730,156	-	-
- Labuan tax	68,958	36,961	-	-
	231,529	767,117	-	-
- under/(over)provision in the previous financial year : Malaysian income tax	191,389	9,709	(24,257)	-
	422,918	776,826	(24,257)	-
Deferred taxation:				
- relating to orginating and reversal of temporary differences	(64,613)	(423,216)	-	-
- under/(over)provision in the previous financial year	7,447	(468,464)	-	-
	(57,166)	(891,680)	-	-
	365,752	(114,854)	(24,257)	-

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26. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense/(income) applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company are as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
(Loss)/Profit before taxation	(5,170,238)	3,698,518	(27,865,067)	(85,562,848)
Tax at the statutory tax rate of 24% (2016 - 24%)	(1,240,857)	887,644	(6,687,616)	(20,535,084)
Non-taxable income	-	-	-	(936,000)
Non-deductible expenses	2,235,377	163,225	6,687,352	21,470,937
Effect of income subject to lower tax rate	(1,335,861)	(785,569)	-	-
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances and tax losses	508,257	102,461	264	147
Effects of differential in tax rates in deferred tax/other countries	-	(23,860)	-	-
Under/(over)provision in the previous financial year				
- income tax	191,389	9,709	(24,257)	-
- deferred tax	7,447	(468,464)	-	-
Income tax expense/(income) for the financial year	365,752	(114,854)	(24,257)	-

The Malaysia income tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the financial year.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

27. DISCONTINUED OPERATIONS

The Group previously operated in two distinct business segments of the shipping industry, namely the container shipping business and the dry bulk business. The Group had on 18 February 2015, announced the discontinuance of its container shipping business which has been loss-making for the past few years as a result of intense competition from larger capacity container vessels and decreasing charter rates.

The results of the discontinued operations during the financial year are as follows:

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Revenue		-	-	-	-
Cost of sales		(595,255)	(9,758,878)	-	-
Gross loss		(595,255)	(9,758,878)	-	-
Other income	27.1	420,968	1,373,737	-	2
		(174,287)	(8,385,141)	-	2
Administrative expenses		(6,634,281)	(78,629,651)	(2,433,502)	-
Finance costs	27.2	(7,286,439)	(8,293,919)	(7,286,439)	(7,392,050)
Loss before taxation	27.3	(14,095,007)	(95,308,711)	(9,719,941)	(7,392,048)
Income tax expense	27.4	(253)	425,059	-	-
Loss after taxation from discontinued operations		(14,095,260)	(94,883,652)	(9,719,941)	(7,392,048)

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27. DISCONTINUED OPERATIONS (CONT'D)

27.1 OTHER INCOME

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Gain on disposal of property, plant and equipment	171,323	66,621	-	-
Gain on disposal of assets held for sale	248,322	-	-	-
Gain on disposal of subsidiaries	-	1,273,029	-	2
Gain on foreign exchange:				
- realised	-	371	-	-
- unrealised	-	4,368	-	-
Miscellaneous	1,323	29,348	-	-
	420,968	1,373,737	-	2

27.2 FINANCE COSTS

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Interest expense on:				
Bank overdraft interest	-	45,464	-	45,464
Bankers' acceptance interest	4,010,165	3,241,923	4,010,165	3,241,923
Term loan interest	3,276,274	5,006,532	3,276,274	4,104,663
	7,286,439	8,293,919	7,286,439	7,392,050

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

27. DISCONTINUED OPERATIONS (CONT'D)

27.3 LOSS BEFORE TAXATION

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Loss before taxation from discontinued operations is arrived at after charging:-				
Auditors' remuneration:				
- current financial year	21,574	54,702	-	-
- overprovision in the previous financial year	(9,500)	(4,260)	-	-
Depreciation of property, plant and equipment	1,877,772	14,394,136	-	-
Employee benefits expenses	90,210	275,253	-	-
Impairment loss:				
- property, plant and equipment	216,000	19,971,221	-	-
Allowance for impairment losses:				
- trade and other receivables	2,044,683	5,614,752	-	-
Loss on disposal of property, plant and equipment	-	24,366,594	-	-
Loss from deregistered subsidiary and subsidiaries under members' voluntary liquidation (including cumulative foreign loss reclassified from reserves of nil (2016 - RM18,031,782))	-	15,718,009	-	-
Loss on foreign exchange:				
- unrealised	1,231	-	-	-

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

27. DISCONTINUED OPERATIONS (CONT'D)

27.4 INCOME TAX EXPENSE

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Income tax:				
- underprovision in the previous financial year	253	741	-	-
Deferred taxation:				
- relating to orginating and reversal of temporary differences	-	(365,619)	-	-
- overprovision in the previous financial year	-	(60,181)	-	-
	-	(425,800)	-	-
	253	(425,059)	-	-

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

27. DISCONTINUED OPERATIONS (CONT'D)

27.4 INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense/(income) applicable to the loss before taxation from discontinued operations at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Loss before taxation	(14,095,007)	(95,308,711)	(9,719,941)	(7,392,048)
Tax at the statutory tax rate of 24% (2016 - 24%)	(3,382,802)	(22,874,091)	(2,332,786)	(1,774,092)
Non-deductible expenses	2,807,219	15,697,547	2,332,786	1,774,092
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances and tax losses	575,583	6,810,925	-	-
Under/(over)provision in the previous financial year				
- income tax	253	741	-	-
- deferred tax	-	(60,181)	-	-
Income tax expense/(income) for the financial year	253	(425,059)	-	-

27.5 CASH FLOWS ATTRIBUTABLE TO THE DISCONTINUED OPERATIONS

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Net cash for operating activities	(4,694,656)	(10,883,648)	-	-
Net cash from investing activities	4,690,833	10,884,723	-	-
Net cash (for)/from discontinued operations	(3,823)	1,075	-	-

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

28. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

The following table reflects the loss and share data used in the computation of basic loss per share for the years ended 30 September:

	The Group	
	2017	2016
	RM	RM
Loss attributable to owners of the Company	(19,631,250)	(91,070,280)
Weighted average number of ordinary shares at 30 September	1,271,201,274	12,640,422,966
Basic loss per ordinary share (Cent)	(1.54)	(0.72)

The diluted loss per share are not shown as the effect of the warrants on the basic loss per share is anti-dilutive.

29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cost of property, plant and equipment purchased	20,004,114	14,222,075	-	5,495
Amount financed through proceeds from issuance of redeemable convertible notes	(10,237,333)	-	-	-
Amount financed through other payables	(7,257,757)	-	-	-
Cash disbursed for purchase of property, plant and equipment	2,509,024	14,222,075	-	5,495

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

30. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash and bank balances	7,984,277	12,318,192	1,369,943	7,374,844
Fixed deposits with licensed banks	3,172,000	3,804,600	3,172,000	3,804,600
Cash at bank pledged for borrowings	(847,543)	(6,864,643)	(847,543)	(6,864,643)
Cash and cash equivalents	10,308,734	9,258,149	3,694,400	4,314,801

31. EMPLOYEE BENEFITS EXPENSES

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Wages and salaries	4,532,395	4,515,604	2,079,174	1,613,963
Contribution to defined contribution plan	519,772	426,301	239,794	177,983
Social security contributions	34,617	28,003	9,098	6,730
	5,086,784	4,969,908	2,328,066	1,798,676

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,507,043 (2016 – RM1,383,084) and RM1,237,421 (2016 – RM938,943) respectively.

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

32. DIRECTORS' REMUNERATION

(a) The aggregate amounts of remuneration received and receivable by the directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Directors Of The Company				
Executive directors:				
Salaries and other emoluments	1,270,721	1,183,308	1,051,421	788,343
Fees	84,000	84,000	60,000	60,000
Contributions to defined contribution plan	152,322	115,776	126,000	90,600
	1,507,043	1,383,084	1,237,421	938,943
Non-Executive directors:				
Salaries and other emoluments	60,000	151,000	60,000	151,000
Fees	168,000	160,500	120,000	112,500
Contributions to defined contribution plan	-	11,520	-	11,520
	228,000	323,020	180,000	275,020
Total directors' remuneration	1,735,043	1,706,104	1,417,421	1,213,963

(b) The number of the Group's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Group	
	2017	2016
	Number Of Directors	
Executive directors:-		
RM250,001 - RM300,000	1	2
RM300,001 - RM350,000	1	-
RM850,001 - RM900,000	-	1
RM900,001 - RM950,000	1	-
Non-Executive directors:-		
Below RM50,000	6	4
RM150,001 - RM160,000	-	1

33. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operation decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Company	
	2017	2016
	RM	RM
Subsidiaries:		
Dividend income	-	3,900,000
Interest income	611,200	1,526,867

(c) Compensation of Key Management Personnel

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Key management personnel compensation				
- short-term employee benefits	1,653,400	1,652,697	1,291,421	1,111,843
- post-employment benefits (defined contribution plan)	160,840	135,660	126,000	102,120
	1,814,240	1,788,357	1,417,421	1,213,963

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

33. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of Key Management Personnel (Cont'd)

Included in the total key management personnel are:

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Directors' remuneration	1,735,043	1,706,104	1,417,421	1,213,963

34. OPERATING SEGMENTS

Disclosure of information about operating segments, products and services, the geographical area, and the major customers are made as required by MFRS 8 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

The Group only has one major strategic operating segment – shipping. All revenue and substantially all the expenses incurred are directly or indirectly attributable to this segment.

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35. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

35.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group		**The Company**	
	2017	2016	2017	2016
	RM	RM	RM	RM
Effects On (Loss)/Profit After Taxation				
USD/RM				
- strengthened by 10%	(5,938,514)	(6,878,051)	(4,847,829)	(5,912,264)
- weakened by 5%	2,969,258	3,439,025	2,423,917	2,956,132

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Effects On (Loss)/Profit After Taxation				
Loans on borrowings				
Increase of 50 basic points	(412,396)	(447,803)	(331,076)	(265,973)
Decrease of 50 basic points	412,396	447,803	331,076	265,973

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:-

	2017		2016	
	RM'000	% of total	RM'000	% of total
By country:				
Within Malaysia	-	-	-	-
Outside Malaysia	44,548	100%	51,927	100%
	44,548	100%	51,927	100%

(ii) Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM15,959,948 (2016 – RM18,682,233) relating to corporate guarantee provided by the Company to subsidiaries' borrowings.

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2017				
Not past due	3,555,544	-	-	3,555,544
Past due:				
- less than 1 month	-	-	-	-
- 1 to 2 months	-	-	-	-
- 2 to 3 months	-	-	-	-
- over 3 months	48,872,117	(7,879,728)	-	40,992,389
	48,872,117	(7,879,728)	-	40,992,389
	52,427,661	(7,879,728)	-	44,547,933

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2016				
Not past due	3,340,457	-	-	3,340,457
Past due:				
- less than 1 month	-	-	-	-
- 1 to 2 months	2,275	-	-	2,275
- 2 to 3 months	-	-	-	-
- over 3 months	54,417,973	(5,833,613)	-	48,584,360
	54,420,248	(5,833,613)	-	48,586,635
	57,760,705	(5,833,613)	-	51,927,092

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis (Cont'd)

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from shipping and related activities, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
30.9.2017						
Bank borrowings	2.97% - 8.21%	126,132,428	138,978,784	64,699,525	74,279,259	-
Trade payables	-	14,405,135	14,405,135	14,405,135	-	-
Other payables and accruals	-	23,484,933	23,484,933	23,484,933	-	-
Amount owing to directors	-	91,966	91,966	91,966	-	-
Redeemable convertible notes	1.00%	5,600,528	5,960,528	72,000	5,888,528	-
		169,714,990	182,921,346	102,753,559	80,167,787	-
30.9.2016						
Bank borrowings	2.42% - 8.44%	149,983,916	166,219,155	67,315,135	98,904,020	-
Trade payables	-	10,709,825	10,709,825	10,709,825	-	-
Other payables and accruals	-	34,388,894	34,388,894	34,388,894	-	-
Amount owing to directors	-	79,966	79,966	79,966	-	-
		195,162,601	211,397,840	112,493,820	98,904,020	-

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
30.9.2017						
Bank borrowings	5.00% - 8.21%	110,160,615	123,006,852	51,727,593	71,279,259	-
Other payables and accruals	-	9,146,900	9,146,900	9,146,900	-	-
Amount owing to subsidiaries	-	488,272	488,272	488,272	-	-
Redeemable convertible notes	1.00%	5,600,528	5,960,528	72,000	5,888,528	-
		125,396,315	138,602,552	61,434,765	77,167,787	-
30.9.2016						
Bank borrowings	5.00% - 8.31%	131,255,340	145,756,462	54,019,426	91,737,036	-
Other payables and accruals	-	12,328,473	12,328,473	12,328,473	-	-
Amount owing to subsidiaries	-	39,048	39,048	39,048	-	-
		143,622,861	158,123,983	66,386,947	91,737,036	-

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

35. FINANCIAL INSTRUMENTS (CONT'D)

35.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to owners of the parent.

There was no change in the Group's approach to capital management during the financial year.

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Bank borrowings	126,132,428	149,983,916	110,160,615	131,255,340
Trade payables	14,405,135	10,709,825	-	-
Other payables and accruals	23,484,933	34,388,894	9,146,900	12,328,473
Amount owing to directors	91,966	79,966	-	-
Amount owing to subsidiaries	-	-	488,272	39,048
Redeemable convertible notes	5,600,528	-	5,600,528	-
	169,714,990	195,162,601	125,396,315	143,622,861
Less: Fixed deposits with licensed banks	(3,172,000)	(3,804,600)	(3,172,000)	(3,804,600)
Less: Cash and bank balances	(7,984,277)	(12,318,192)	(1,369,943)	(7,374,844)
Net debt	158,558,713	179,039,809	120,854,372	132,443,417
Total equity	74,355,411	57,114,227	60,915,644	61,990,136
Total equity and net debt	232,914,124	236,154,036	181,770,016	194,433,553
Gearing ratio	68.08%	75.81%	66.49%	68.12%

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

35. FINANCIAL INSTRUMENTS (CONT'D)

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Financial Assets				
Loans and receivables financial assets				
Trade receivables	44,547,933	51,927,092	-	-
Other receivables and deposits	7,906,108	5,969,843	86,000	139,597
Amount owing by subsidiaries	-	-	33,463,242	45,711,718
Fixed deposits with licensed banks	3,172,000	3,804,600	3,172,000	3,804,600
Cash and bank balances	7,984,277	12,318,192	1,369,943	7,374,844
	63,610,318	74,019,727	38,091,185	57,030,759
Financial Liabilities				
Other financial liabilities				
Bank borrowings	126,132,428	149,983,916	110,160,615	131,255,340
Trade payables	14,405,135	10,709,825	-	-
Other payables and accruals	23,484,933	34,388,894	9,146,900	12,328,473
Amount owing to directors	91,966	79,966	-	-
Amount owing to subsidiaries	-	-	488,272	39,048
Redeemable convertible notes	5,600,528	-	5,600,528	-
	169,714,990	195,162,601	125,396,315	143,622,861

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HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 FAIR VALUE INFORMATION

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The Group	Fair Value Of Financial Instruments Not Carried At Fair Value Level 1 RM	Level 2 RM	Total Fair Value RM	Carrying Amount RM
30.9.2017				
Financial Liabilities				
Bank borrowings	-	44,378,632	44,378,632	44,043,930
30.9.2016				
Financial Liabilities				
Bank borrowings	-	56,646,170	56,646,170	56,575,741

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35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value Of Financial Instruments Not Carried At Fair Value Level 1 RM	Level 2 RM	Total Fair Value RM	Carrying Amount RM
30.9.2017				
Financial Liabilities				
Bank borrowings	-	44,366,767	44,366,767	44,032,065
30.9.2016				
Financial Liabilities				
Bank borrowings	-	56,600,058	56,600,058	56,529,398

(a) The fair values above are for disclosure purposes and have been determined using the following basis:-

The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	2017 RM	2016 RM
Bank borrowings	7.01%	7.01%
Hire purchase payables	5.02%	5.61%

(b) In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.

36. NUMBER OF EMPLOYEES

The number of employees of the Group and the Company at the end of the reporting period were 65 and 16 (2016 – 93 and 17), respectively.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Completion of Capital Restructuring Exercises undertaken by the Group

The Group had completed the following Capital Restructuring Exercises during the financial year:

(i) Par value reduction of the issued and fully paid-up share capital of Hubline via the cancellation of RM0.005 of the par value of every existing ordinary share of RM0.01 each in Hubline;

(ii) Consolidation of all Hubline Shares upon the completion of the Proposed Par Value Reduction on the basis of twenty (20) ordinary shares of RM0.005 each in Hubline into one (1) ordinary share of RM0.10 each in Hubline;

(iii) Amendment to the Memorandum and Articles of Association of Hubline to facilitate the Proposed Par Value Reduction and Proposed Share Consolidation; and

(iv) Amendment to the terms of the Warrants A Deed Poll and Warrants B Deed Poll.

During the financial year, the Group had completed the issuance of redeemable convertible notes up to RM43 million for Tranche 1, Tranche 2 and sub-tranche 3 of Tranche 3.

38. SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

(i) On 27 October 2017, the Group had completed the issuance of redeemable convertible notes up to RM80 million for Tranche 1 to Tranche 4. On 9 November 2017, the redeemable convertible notes of RM80 million were fully converted into 1,515,336,987 new ordinary shares of the Company.

(ii) On 15 December 2017, on behalf of the Board of Directors of Hubline, UOB Kay Hian Securities (M) Sdn. Bhd. had announced that the Company proposed to undertake a proposed private placement of up to 230,199,183 new Hubline Shares ("Placement Share(s)"), representing up to approximately 10.0% of the Company's total number of issued shares.

The maximum number of up to 230,199,183 Placement Shares under the Proposed Private Placement was arrived at based on the following:-

- the Company's total number of issued shares of 2,148,037,965 (including treasury shares) as at 12 December 2017, being the latest practicable date prior to this announcement ("LPD");
- assuming the 679,830 treasury shares hold by the Company as at the LPD are resold back to the market;

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

38. SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD (CONT'D)

(ii) The maximum number of up to 230,199,183 Placement Shares under the Proposed Private Placement was arrived at based on the following (cont'd):-

- assuming none of the 93,724,014 outstanding warrants 2009/2019 constituted by the deed poll dated 28 September 2009 ("Deed Poll A") ("Warrants A") are exercised prior to the implementation of the Proposed Private Placement; and

- assuming all the 153,953,869 outstanding warrants 2015/2020 constituted by the deed poll dated 12 November 2015 ("Deed Poll B") ("Warrants B") are exercised prior to the implementation of the Proposed Private Placement.

The Board is of the view that the Warrants A are not likely to be exercised prior to the implementation of the Proposed Private Placement in view that the Warrants A are currently "out-of-the-money" with an exercise price of RM3.20 per Warrant A.

The Proposed Private Placement is expected to be implemented in multiple tranches within 6 months from the date of approval of Bursa Malaysia Securities Berhad ("Bursa Securities") or any extended period as may be approved by Bursa Securities, subject to the General Mandate or a new mandate being obtained from shareholders of the Company under Section 75 of the Act if the General Mandate expires before the Proposed Private Placement is fully implemented.

(iii) On 13 December 2017, the Group had announced that the following two dormant wholly-owned subsidiaries submitted their applications to the Companies Commission of Malaysia ("CCM") to strike off from the Register pursuant to Section 550 of the Malaysian Companies Act 2016:

(a) Hubline Carrier Sdn. Bhd.
(b) Hubline Glory Sdn. Bhd.

The above strike off will not have any material effect on the earnings and net assets of the Group for the financial year ending 30 September 2018.

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39. CAPITAL COMMITMENTS

	The Group	
	2017	2016
	RM	RM
Contracted but not provided for		
Purchase of vessel	-	11,784,685

40. OPERATING LEASE COMMITMENTS

The Group leases office buildings under non-cancellable operating leases. The lease periods range from 2 to 3 years with an option to renew after that date.

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Not more than one year	935,000	1,236,000	215,000	516,000
Later than one year and not later than five years	60,000	995,000	-	215,000
	995,000	2,231,000	215,000	731,000

41. CONTINGENT LIABILITIES

	The Company	
	2017	2016
	RM	RM
Unsecured		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	15,959,948	18,682,233

HUBLINE BERHAD
(Incorporated in Malaysia)
Company No: 23568-H

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

42. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Group		The Company	
	As Restated RM	As Previously Reported RM	As Restated RM	As Previously Reported RM
Statements of profit or loss and other comprehensive income (Extract):-				
Profit/(Loss) after taxation from continuing operations	3,813,372	(1,408,923)	(85,562,848)	(90,785,143)
Loss after taxation from discontinued operations	(94,883,652)	(89,661,357)	(7,392,048)	(2,169,753)

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(Company No:23568-H)

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SECRETARY
YEO PUAY HUANG
LS 0000577

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.2018 RM '000	Preceding Year Quarter Ended 30.06.2017 RM '000	Current Year To Date 30.06.2018 RM '000	Preceding Year To Date 30.06.2017 RM '000
Revenue	27,099	23,915	74,358	72,118
Operating Expenses	(23,432)	(21,716)	(65,930)	(65,438)
	3,667	2,199	8,428	6,680
Other Operating Income	1,339	879	6,474	710
Administrative Expenses	(2,852)	(2,262)	(6,401)	(6,685)
Other Expenses	(482)	(955)	(2,610)	(8,508)
Finance Cost	(1,495)	(2,321)	(4,598)	(6,338)
Profit/ (Loss) before taxation	177	(2,460)	1,293	(14,141)
Taxation	148	(8)	878	52
Profit/ (Loss) for the period	325	(2,468)	2,171	(14,089)
Other comprehensive income:				
Currency translation differences	1,589	(713)	(2,565)	1,103
Total Comprehensive income for the period	1,914	(3,181)	(394)	(12,986)
Profit/ (Loss) attributable to:				
Equity holders of the parent	325	(2,468)	2,171	(14,089)
Total comprehensive income attributable to:				
Equity holders of the parent	1,914	(3,181)	(394)	(12,986)
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.01	-0.30	0.10	-1.82
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 2017)

HUBLINE BERHAD (023568-H)
INCORPORATED IN MALAYSIA
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HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	AS AT END OF CURRENT QUARTER 30.06.2018	AS AT PRECEEDING FINANCIAL YEAR ENDED 30.09.2017
ASSETS	**RM'000**	**RM'000**
Non Current Assets		
Property, Plant and Equipment	173,782	164,131
Intangible assets	15,207	15,207
Trade and Other receivables	33,518	34,465
Deferred tax assets	1,878	1,703
	224,385	215,506
Current Assets		
Inventories	6,136	5,627
Assets held for sale	-	4,746
Trade and Other receivables	21,410	18,125
Tax recoverable	1,124	613
Cash and cash equivalents	16,346	11,156
	45,016	40,267
TOTAL ASSETS	269,401	255,773
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	164,958	99,070
Treasury shares	(4,192)	(4,192)
Reserves	(22,131)	(20,523)
Total equity	138,635	74,355
Non-current liabilities		
Long term borrowings	53,149	67,239
Trade & Other payables	606	7,809
Deferred tax liabilities	10,306	11,629
	64,061	86,677
Current Liabilities		
Short term borrowings	45,938	58,893
Trade & Other payables	20,697	35,774
Taxation	70	74
	66,705	94,741
Total liabilities	130,766	181,418
TOTAL EQUITY AND LIABILITIES	269,401	255,773
Net assets per share (RM)	0.06	0.09

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30 September 2017)

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HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2018

	CURRENT YEAR TO DATE ENDED 30.06.2018 RM'000	PRECEDING YEAR TO DATE ENDED 30.06.2017 RM'000
Profit/ (Loss) before taxation	1,293	(14,141)
Adjustments for :-		
Non-operating items	9,094	15,072
Interest expenses	4,598	6,338
Interest income	(437)	(44)
Operating profit before working capital changes	14,548	7,225
Net change in current assets	1,428	5,033
Net change in current liabilities	(16,410)	(9,751)
Tax (paid)/ refunded	(664)	(343)
Interest paid	(4,598)	(6,338)
Net cash generated from/ (used in) operating activities	(5,696)	(4,174)
Investing activities		
Purchase of property, plant and equipment	(20,507)	(10,775)
Proceeds from sales of investment, property, plant and equipment	4,270	343
Interest received	437	44
Net cash (used in)/generated from investing activities	(15,800)	(10,388)
Financing activities		
Repayment of bank borrowings	(27,315)	(17,745)
Proceeds from capital raising exercises	58,688	26,500
Expenses relating to capital raising	(1,721)	(3,945)
Net cash generated from/ (used in) financing activities	29,652	4,810
Net changes in cash and cash equivalents	8,156	(9,752)
Cash and cash equivalents at beginning of financial period	11,156	16,123
Effects of Exchange Rate Changes	(2,966)	2,667
Cash and cash equivalents at end of the financial period	16,346	9,038

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2017)

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HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT
This is a quarterly report on consolidated results for the financial quarter ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE 9 MONTHS ENDED 30 JUNE 2018

	<— Attributable to Equity Holders of the Parent —>							
	<— Non-distributable				—>	Distributable		
	Share capital	Warrant reserve	Treasury shares	Share premium	Translation reserves	Capital reserves	Retained Profit	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 MONTHS ENDED 30 SEP 2017								
At 1 October 2016	126,540	90,693	(4,192)	529	(14,920)	(58,625)	(82,911)	57,114
Capital reduction & share conversions	(41,320)						63,270	21,950
Capital raising expenses				(529)				(529)
Total comprehensive income for the period					1,103		(14,089)	(12,986)
At 30 June 2017	85,220	90,693	(4,192)	-	(13,817)	(58,625)	(33,730)	65,549
9 MONTHS ENDED 30 SEP 2018								
At 1 October 2017	99,070	90,693	(4,192)	-	(14,533)	(57,410)	(39,272)	74,356
Conversion of RCN	44,200					(1,215)		42,985
10% Private Placement	21,688							21,688
Total comprehensive income for the period					(2,565)		2,171	(394)
At 30 June 2018	164,958	90,693	(4,192)	-	(17,098)	(58,625)	(37,101)	138,635

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2017)

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HUBLINE BERHAD
(Company No:23568-H)

NOTES TO THE INTERIM FINANCIAL REPORT – FRS 134

A1. Basis of preparation

The Interim Financial Report of the Group are unaudited and have 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 2017.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the financial statements for the year ended 30 September 2017.

A2. Auditors' report on preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 30 September 2017 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.

A8. Segmental Information

	Shipping & Related Activities RM'000	Elimination RM'000	Group RM'000
Revenue			
External sales	74,358	-	74,358
Inter-segment sales			
Total revenue	74,358	-	74,358
Results			
Interest income	437		437
Finance cost	(4,598)		(4,598)
Segment profit before taxation	1,293		1,293

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HUBLINE BERHAD
(Company No:23568-H)

A9. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.2018 RM '000	Preceding Year Quarter Ended 30.06.2017 RM '000	Current Year To Date 30.06.2018 RM '000	Preceding Year To Date 30.06.2017 RM '000
Interest income	133	12	437	44
Other income	1,206	69	4,258	665
Foreign exchange gains/(losses) (net)	(979)	798	1,779	(1,897)
Depreciation and amortisation	(2,878)	(2,770)	(9,146)	(8,859)
Container division exit provisions & expenses	-	-	-	(8,370)
Capital raising expenses	(216)	(955)	(1,721)	(3,416)

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

There were no material events subsequent to the end of the current quarter up to the date of this report.

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	14,523

A14. Capital Commitment

	RM
Amount approved and committed	19.48 million
Amount approved and not committed	NIL
Total	19.48 million

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HUBLINE BERHAD
(Company No:23568-H)

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

	INDIVIDUAL QUARTER			CUMULATIVE		
	Current Year Quarter 30.06.2018 RM '000	Preceding Year Quarter 30.06.2017 RM '000	Changes Amount RM '000	Current Year To Date 30.06.2018 RM '000	Preceding Year To Date 30.06.2017 RM '000	Changes Amount RM '000
Revenue	27,099	23,915	3,184	74,358	72,118	2,240
Operating Profit	3,667	2,199	1,468	8,428	6,680	1,748
(Loss)/Profit before Interest, Tax, Depreciation, and Amortisation (EBITDA)	4,549	2,632	1,917	15,037	1,883	13,154
Profit/(Loss) Before Tax	177	(2,460)	2,637	1,293	(14,141)	15,434
Profit/(Loss) After Tax	325	(2,468)	2,793	2,171	(14,089)	16,260
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	325	(2,468)	2,793	2,171	(14,089)	16,260

- Group revenue for the quarter ended 30 June 2018 was RM 27.10 million which was higher when compared to the corresponding period of the previous year where revenue for that quarter was RM 23.92 million. The increase in revenue was due to additional shipments during the quarter via voyage charters, as well as the increase in freight rates since the same time last year by approximately 12-15%.

- The Group's EBITDA for the current quarter was RM 4.55 million compared to RM 2.63 million in the same quarter last year. This amount included capital raising expenses of RM 0.22 million. In the preceding year quarter, the EBITDA was RM 2.63 million and included RCN expenses of RM 0.95 million.

- The Group's EBITDA would have been higher if not for the RM 1.34 unrealised foreign exchange loss which was recognised under administrative expenses in the current quarter.

- Interest expenses in the current quarter were RM 1.50 million compared to RM 2.32 million in the preceding year quarter. The interest savings were due to repayment of loans, especially those relating to the container business.

B2. Comparison with preceding quarter's results

	Current Year Quarter 30.06.2018 RM '000	Immediate Preceding Quarter 31.03.2018 RM '000	Changes Amount RM '000
Revenue	27,099	22,035	5,064
Operating Profit	3,667	2,012	1,655
(Loss)/Profit before Interest, Tax, Depreciation, and Amortisation (EBITDA)	4,549	4,879	(330)
Profit/(Loss) Before Tax	177	337	(160)

HUBLINE BERHAD
(Company No:23568-H)

Profit/(Loss) After Tax	325	318	7
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	325	318	7

- The Group revenue in the current quarter was RM 27.10 million which was higher than the previous quarter of RM 22.04 million. The additional voyage charters which we undertook during the quarter, together with approximately 10% increase in freight rates were the main reasons for the higher revenue during the quarter.
- Compared to the previous quarter, bunker price had increased by 4%. Additionally, in the last quarter, we incurred higher repairs and maintenance as a result of the urgent repairs caused by the damage from bad weather.
- EBITDA in the current quarter was RM 4.55 million as compared to RM 4.88 million in the immediate preceding quarter. EBITDA in the previous quarter was higher due to unrealised foreign exchange gain of RM 0.51 million compared to RM 1.34 million unrealised foreign exchange loss in the current quarter.

B3. Commentary on Prospects

The Group expects its market share of the barge logistics sector within the South East Asia region to remain relatively robust. The decision made by the Group to exit from the container shipping business has proven to be beneficial for the Group. Up to the nine months ended 30 June 2018, the dry bulk business on its own contributed RM 10.6 million in profits before taxes, however due to the overhang from the termination of the container business, the impairments of the finance charges to the loans taken by the container business, and foreign exchange losses, the final results for the quarter and year to date does not reflect the improved performance in the dry bulk business. We are reaping the benefits of the various strategies we have implemented and we are cautiously optimistic on our outlook in the coming quarter.

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 30 June 2018 RM'000	Year to date 30 June 2018 RM'000
Income tax charge		
- current period	(78)	(236)
Deferred taxation	226	1,114
	148	878

Domestic current income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Certain subsidiaries of the Group enjoy tax exemptions from the relevant authorities on their business income for current and future periods. The computation of deferred tax as at the current period has reflected the effects of such exemptions.

HUBLine

HUBLINE BERHAD
(Company No:23568-H)

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

Save for the following, there were no other corporate proposals announced by the Company but not completed as at 17 August 2018, being the latest practical date, which is not earlier than 7 days from the date of issue of this report.

(i) Redeemable Convertible Notes program ("RCN")

All RCNs were converted into ordinary shares by November 2017.

As at 17 August 2018, all proceeds from the RCN have been fully utilised as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation Amount %	Explanations (if deviation is 5% or more)
(i) Working capital#	7,000	5,812	Within 60 months of drawdown	-1.48	N/A
(ii) Part payment of borrowings	55,000	56,188	Within 12 months of drawdown	1.48	N/A
(iii) Partial payments for new vessels constructed	18,000	18,000	Within 12 months of drawdown	-	N/A
TOTAL	**80,000**	**80,000**			

 # includes expenses in connection to the issuance of notes

(ii) Private Placement

On 15 December 2017, the Company announced a proposed private placement of up to 230,199,183 new Hubline shares representing approximately 10% of the Company's total number of issued shares.

Submission of the listing application was made to Bursa Malaysia on 15 December 2017 and approval was received from Bursa Malaysia on 23 January 2018.

For this exercise, the Company had issued 214,735,813 placement shares at an average placement price of RM 0.101. The amount received for the private placement was RM 21.688 million.

As at 17 August 2018, the status of the utilization of the gross proceeds from the private placement is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation Amount % (RM'000)	Explanations (if deviation is 5% or more)
(i) Partial repayment of borrowings	11,000	2,079	Within 12 months from receipt of funds	Note A	Note A

HUBLine

HUBLINE BERHAD
(Company No:23568-H)

(ii)	Capital expenditure	5,900	3,161	Within 12 months from receipt of funds	Note A	Note A
(iii)	Partial payment of secured container shipping business creditors	3,900	2,475	Within 12 months from receipt of funds	Note A	Note A
(iv)	Working capital	688	692	Within 12 months from receipt of funds	Note A	Note A
(v)	Estimated expenses in relation to Private Placement	200	196	Within 1 month from receipt of funds	Note A	Note A
	TOTAL	**21,688**	**8,603**			

Note A: The Group expects to utilise the funds raised within 12 months from receipt within the proposed utilisation range. The Group does not expect any material deviation as at the date of this quarterly report

(i) <u>Rights Issue and Redeemable Convertible Notes program ("RCN")</u>

On 27 July 2018, the Company announced a proposed capital raising exercise which comprises:

- The proposed renounceable rights issue of up to 1,417,256,368 new ordinary shares ("Rights Share(s)") on the basis of three (3) Rights Shares for every five (5) ordinary shares held in the Company, together with up to 944,837,576 free detachable new warrants ("Warrant(s) C") on the basis of two (2) Warrants C for every three (3) Rights Shares subscribed, on an entitlement date to be determined and announced later ("Entitlement Date")("Proposed Rights Issue"); and

- The Proposed issuance of redeemable convertible notes with an aggregate principal amount of up to RM200.0 million.

On 21 August 2018, the Company, has submitted the Circular to Bursa Malaysia for approval.

B9. Group borrowings and debt securities

	As at 3rd quarter ended 30 June 2018					
	Short term		Long term		Total borrowings	
Secured	**Foreign denomination (RM '000)^**	**RM denomination (RM '000)**	**Foreign denomination (RM '000)^**	**RM denomination (RM '000)**	**Foreign denomination (RM '000)^**	**RM denomination (RM '000)**
Invoice Financing		15,852		-		15,852
Revolving Credit		375		-		375
Term Loan	13,563	16,000	18,559	34,457	32,122	50,457
Hire Purchase		148		133		281
Total	13,563	32,375	18,559	34,590	32,122	66,965
Grand Total	**45,938**		**53,149**		**99,087**	

^ Loan is denominated in USD. As at 30 June 2018, the total balance outstanding was USD 7.956 million. Exchange rate used to convert to RM was 4.0375.

HUBLine

HUBLINE BERHAD
(Company No:23568-H)

	As at 3rd quarter ended 30 June 2017					
	Short term		Long term		Total borrowings	
Secured	**Foreign denomination (RM '000)^**	**RM denomination (RM '000)**	**Foreign denomination (RM '000)^**	**RM denomination (RM '000)**	**Foreign denomination (RM '000)^**	**RM denomination (RM '000)**
Invoice Financing		30,389				30,389
Revolving Credit		536		375		911
Term Loan	14,125	4,526	34,162	50,435	48,287	54,961
Hire Purchase		19				19
Medium Term Notes				4,550		4,550
Total	14,125	35,470	34,162	55,360	48,287	90,830
Grand Total	**49,595**		**89,522**		**139,117**	

^ Loan is denominated in USD. As at 30 June 2017, the total balance outstanding was USD 11.245 million. Exchange rate used to convert to RM was 4.2940.

Borrowings reduced by RM 40.03 million from RM 139.12 million on 30 June 2017 compared to RM 99.09 million this quarter. Borrowings were reduced mainly from funds raised via the RCN program and 10% private placement. The approximate net annual interest savings as a result of the repayment of loans is RM 2.41 million.

The average weighted interest rate of borrowings for the Group is 6.03% per annum.

The Group's foreign currency debt is denominated in USD and is not hedged to RM. Our view is that while we are exposed to some foreign currency volatility in the short term, the impact is not significant in the long term, especially where our Group does earn revenue in the same currency. Furthermore, hedging is costly and can introduce unwanted leverage to the Group.

The exchange rate used to convert USD borrowings is based on the 5pm USD exchange rate on the last business day of the quarter as announced by Bank Negara Malaysia and the current quarter's exchange rate has been quoted above.

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 material 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.

HUBLine

HUBLINE BERHAD
(Company No:23568-H)

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 30.06.2018	Quarter Ended 30.06.2017	Year to Date ended 30.06.2018	Year to Date ended 30.06.2017
Net profit / (loss) attributable to equity holders of the parent (RM'000)	325	(2,468)	2,171	(14,089)
Weighted average no. of ordinary shares ('000)	2,362,094	826,322	2,240,546	772,963
Basic earnings per share attributable to equity holders of the parent (sen)	0.01	-0.30	0.10	-1.82

Note: The weighted average number of ordinary shares was reduced on 15 February 2017 following the share consolidation of 20:1.

(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. 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 August 2018.

DIRECTORS' REPORT

HUBLine

Registered Office:

Hubline Berhad
Wisma Hubline
Lease 3815 (Lot 10914) Section 64 KTLD
Jalan Datuk Abang Abdul Rahim
93450 Kuching, Sarawak

Date: 07 NOV 2018

To: The Shareholders of Hubline Berhad ("**Hubline**" or "**Company**")

Dear Sir / Madam,

On behalf of the Board of Directors of Hubline ("**Board**"), I wish to report that after making due enquiries in relation to the interval between 30 September 2017 (being the date to which the last audited consolidated financial statements of our Company and subsidiary companies ("**Group**") have been made up) and the date hereof (being a date not earlier than 14 days before the date of issuance of this Abridged Prospectus), that:

(i) in the opinion of the Board, the business of our Group has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which has adversely affected the trading or the value of the assets of our Group;

(iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group since the last audited consolidated financial statements of our Group;

(v) there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings of our Group since the last audited consolidated financial statements of our Group; and

(vi) there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully
For and behalf of the Board of
HUBLINE BERHAD

....
DENNIS LING LI KUANG
Managing Director / Chief Executive Director

HUBLINE BERHAD (023568-H)
INCORPORATED IN MALAYSIA
Wisma Hubline, Lease 3815 (Lot 10914) Section 64 KTLD, Jalan Datuk Abang Abdul Rahim,
93450 Kuching, Sarawak, Malaysia
Tel: (6082) 335 393 Fax: (6082) 337 393

ADDITIONAL INFORMATION

1. SHARE CAPITAL

1.1 Save for the Rights Shares, Warrants C and new Hubline Shares to be issued pursuant to the exercise of the Warrants C, no securities in our Company will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of the issuance of this Abridged Prospectus.

1.2 As at the date of this Abridged Prospectus, there are no founders', management, deferred or preference shares in the share capital of our Company. There is only 1 class of shares in our Company, namely ordinary shares, all of which rank equally with one another.

1.3 As at the date of this Abridged Prospectus, save for the Provisional Rights Shares with Warrants C, the outstanding Warrants A and the outstanding Warrants B, no person has been or is entitled to be granted an option to subscribe for any of our securities and no capital of our Group is under any option or agreed conditionally or unconditionally to be put under any option.

2. REMUNERATION OF DIRECTORS

The provisions in our Company's Articles of Association in respect of the arrangements for the remuneration of our Directors are as follows:

Articles 73

(a) Except where the remuneration of any Director is fixed by the Directors pursuant to Article 75 and subject to these presents each Director shall be paid out of the funds of the Company by way of remuneration for his services as Director such sum (if any) as may be fixed from time to time by the Company in General Meeting. Such remuneration shall so far as non-executive Directors are concerned be by way of a fixed sum, and not by way of a commission on or a percentage of profits or turnover. Salaries payable to executive Directors may not include a commission on or a percentage of ver. All remuneration shall be deemed to accrue de die in diem. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in or with a view to the performance of their duties or in attending and returning from Meetings of the Directors or of any Committee of the Directors or General Meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors. Subject as aforesaid, fees, payable to Directors shall not be increased except pursuant to a resolution passed at a General Meeting where notice of the proposed increase has been given in the notice convening the meeting.

(b) If any Director being willing and having been called upon to do so shall render or perform extra or special services of any kind including services on any Committee established by the Directors or shall travel or reside abroad for any business or purposes of the Company he shall be entitled to receive such sum as the Directors may think fit for expenses and also such remuneration as the Directors may think fit either as a fixed sum or as a percentage of profits or otherwise and such remuneration may as the Directors shall determine be either in addition to or in substitution for any other remuneration he may be entitled to receive and the same shall be charged as part of the ordinary working expenses of the Company. Provided always that the extra remuneration payable to:

(i) an executive Director shall not include a commission on or a percentage of turnover; and

(ii) a non-executive Director shall not include a commission on or a percentage of turnover.

A Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office or Director, and on such terms as to remuneration and otherwise as the Directors shall arrange.

Article 74(3)

A director may appoint a person approved by a majority of his co-directors to act as his alternate, PROVIDED THAT any fee paid by the Company to the alternate shall be deducted from that director's remuneration.

Article 75

The remuneration of a Managing Director may be by way of salary or commission or participation in profits or by any or all of those modes or otherwise as may be thought expedient.

3. MATERIAL CONTRACTS

Save as disclosed below, neither we nor our subsidiary companies have entered into any material contracts, not being contracts entered into in the ordinary course of business, within 2 years immediately preceding the date of this Abridged Prospectus.

(i) Subscription Agreement dated 27 July 2018 entered into between the Company and with Advance Opportunities Fund I, Advance Credit Fund SPC and Advance Capital Partners Asset Management Private Limited for the proposed issuance of redeemable convertible notes with an aggregate principle amount of up to RM200.0million;

(ii) Deed Poll C dated 7 November 2018 executed by the Company constituting the Warrants C; and

(iii) Underwriting Agreement dated 7 November 2018 entered into between the Company and the Underwriter for the underwriting of the Underwritten Shares for a managing underwriting commission of 0.5% and an underwriting commission of 1.875% of the total value of the Underwritten Shares.

4. MATERIAL LITIGATION

As at the LPD, neither we nor our subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board do not have any knowledge of any proceeding, pending or threatened, against us or our subsidiary company or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of our Company or our subsidiary company.

5. GENERAL

5.1 As at the LPD, there is no existing or proposed service contract entered or to be entered into by our Group with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

5.2 After having made all reasonable enquiries and to the best knowledge of our Board, the financial conditions and operations of our Group are not likely to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group, other than those disclosed in Sections 5, 6 and 7 of this Abridged Prospectus;

(ii) material commitments for capital expenditure of our Group, the purpose of such commitments and the source of fundings, other than those disclosed in 9.4 of this Abridged Prospectus;

(iii) unusual, infrequent events or transactions or significant economic changes which materially affect the amount of reported income from our operations, other than those disclosed in Section 7, Appendix II of this Abridged Prospectus;

(iv) known trends or uncertainties that have had or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's revenue or operating income, other than those disclosed in Sections 6 and 7 of this Abridged Prospectus;

(v) substantial increase in revenues, other than those disclosed in Section 7, Appendix II of this Abridged Prospectus; and

(vi) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits, other than those disclosed in Section 6 of this Abridged Prospectus.

6. CONSENTS

The Principal Adviser, Company Secretary, Principal Banker, Share Registrar and Solicitors for the Rights Issue with Warrants have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

The Auditors and Reporting Accountants, have given and have not subsequently withdrawn their written consent for the inclusion of their name and all reference in the form, manner and context in which they appear in this Abridged Prospectus, including the proforma consolidated statements of financial position of our Group as at 30 September 2017 together with the Reporting Accountant's report thereon and the audited consolidated financial statements of our Group for the FYE 30 September 2017 together with the auditors' report thereon.

Bloomberg has given and has not subsequently withdrawn its written consent for the inclusion of its name as the source for the historical share prices of Hubline, and all references thereto, as the case may be, in the form and context in which they so appear in this Abridged Prospectus.

ADDITIONAL INFORMATION (*CONT'D*)

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Wisma Hubline, Lease 3815 (Lot 10914), Section 64 KTLD, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak, during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period of 12 months from the date of this Abridged Prospectus:

(i) our Memorandum and Articles of Association;

(ii) the certified true copy of the extract of the ordinary resolution in respect of the Rights Issue with Warrants passed at our EGM, as set out in Appendix I of this Abridged Prospectus;

(iii) the audited consolidated financial statements of our Group for the FYE 30 September 2016 and FYE 30 September 2017;

(iv) the latest unaudited consolidated financial statements of our Group for the 9-month FPE 30 June 2018;

(v) the pro forma consolidated statements of financial position of our Group as at 30 September 2017 together with the Reporting Accountants' letter thereon, as set out in Appendix III of this Abridged Prospectus;

(vi) the irrevocable undertaking letters from the Undertaking Shareholders referred to in Section 3.1 of this Abridged Prospectus;

(vii) the Directors' Report as set out in Appendix VI of this Abridged Prospectus;

(viii) the material contracts (including the Deed Poll C) referred to in Section 3 of Appendix VII of this Abridged Prospectus; and

(ix) the letters of consent referred to in Section 6 of Appendix VII of this Abridged Prospectus.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

Kenanga IB, being the Principal Adviser and the Underwriter for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.