

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2017

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2017**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.2017 RM '000	Preceding Year Quarter Ended 30.06.2016 RM '000	Current Year To Date 30.06.2017 RM '000	Preceding Year To Date 30.06.2016 RM '000
<b>Revenue</b>	23,915	20,333	72,118	74,945
Operating Expenses	(21,716)	(18,155)	(65,438)	(60,921)
	<u>2,199</u>	<u>2,178</u>	<u>6,680</u>	<u>14,024</u>
Other Operating Income	879	666	710	5,732
Administrative Expenses	(2,262)	(1,600)	(6,685)	(6,741)
Other Expenses	(955)	(29,206)	(8,508)	(34,648)
Finance Cost	(2,321)	(2,406)	(6,338)	(6,424)
<b>Profit/ (Loss) before taxation</b>	<u>(2,460)</u>	<u>(30,368)</u>	<u>(14,141)</u>	<u>(28,057)</u>
Taxation	(8)	(366)	52	(80)
<b>Profit/ (Loss) for the period</b>	<u>(2,468)</u>	<u>(30,734)</u>	<u>(14,089)</u>	<u>(28,137)</u>
Other comprehensive income:				
Currency translation differences	(713)	18,914	1,103	14,636
<b>Total Comprehensive income for the period</b>	<u>(3,181)</u>	<u>(11,820)</u>	<u>(12,986)</u>	<u>(13,501)</u>
Profit/ (Loss) attributable to: Equity holders of the parent	<u>(2,468)</u>	<u>(30,734)</u>	<u>(14,089)</u>	<u>(28,137)</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>(3,181)</u>	<u>(11,820)</u>	<u>(12,986)</u>	<u>(13,501)</u>
<b>Earnings per share attributable to equity holders of the parent (sen)</b>				
<b>Basic</b>	-0.30	-0.28	-1.82	-0.31
<b>Diluted</b>	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 2016)

**HUBLINE BERHAD**  
(Company No:23568-H)

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2017

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	<b>AS AT END OF CURRENT QUARTER 30.06.2017</b>	<b>AS AT PRECEEDING FINANCIAL YEAR ENDED 30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, Plant and Equipment	158,050	158,531
Intangible assets	15,207	15,207
Trade and Other receivables	33,663	41,476
Deferred tax assets	1,530	1,604
	<u>208,450</u>	<u>216,818</u>
<b>Current Assets</b>		
Inventories	6,009	5,060
Assets held for sale	7,119	8,218
Trade and Other receivables	19,307	16,424
Tax recoverable	935	920
Cash and cash equivalents	9,038	16,123
	<u>42,408</u>	<u>46,745</u>
<b>TOTAL ASSETS</b>	<u><u>250,858</u></u>	<u><u>263,563</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	85,220	126,540
Treasury shares	(4,192)	(4,192)
Reserves	(15,479)	(65,234)
<b>Total equity</b>	<u>65,549</u>	<u>57,114</u>
<b>Non-current liabilities</b>		
Long term borrowings	89,522	86,642
Trade & Other payables	3,332	5,191
Deferred tax liabilities	10,703	11,203
	<u>103,557</u>	<u>103,036</u>
<b>Current Liabilities</b>		
Short term borrowings	49,595	63,342
Trade & Other payables	32,077	39,989
Taxation	80	82
	<u>81,752</u>	<u>103,413</u>
<b>Total liabilities</b>	<u>185,309</u>	<u>206,449</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>250,858</u></u>	<u><u>263,563</u></u>
Net assets per share (RM)	0.08	0.006

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30 September 2016)

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2017

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 JUNE 2017**

	<b>CURRENT YEAR TO DATE ENDED 30.06.2017 RM'000</b>	<b>PRECEDING YEAR TO DATE ENDED 30.06.2016 RM'000</b>
Profit/ (Loss) before taxation	(14,141)	(28,057)
Adjustments for :-		
Non-operating items	15,072	36,705
Interest expenses	6,338	6,424
Interest income	(44)	(474)
Operating profit before working capital changes	7,225	14,598
Net change in current assets	5,033	12,658
Net change in current liabilities	(9,751)	(56,448)
Tax (paid)/ refunded	(343)	(1,148)
Interest paid	(6,338)	(6,424)
<b>Net cash generated from/ (used in) operating activities</b>	<b>(4,174)</b>	<b>(36,764)</b>
Investing activities		
Purchase of property, plant and equipment	(10,775)	(7,758)
Proceeds from sales of investment, property, plant and equipment	343	105
Interest received	44	474
<b>Net cash (used in)/generated from investing activities</b>	<b>(10,388)</b>	<b>(7,179)</b>
Financing activities		
Repayment of bank borrowings	(17,745)	(17,114)
Proceeds from capital raising exercises	26,500	85,423
Expenses relating to capital raising	(3,945)	(1,005)
<b>Net cash (used in)/generated from financing activities</b>	<b>4,810</b>	<b>67,304</b>
Net changes in cash and cash equivalents	(9,752)	23,361
Cash and cash equivalents at beginning of financial period	16,123	1,680
Effects of Exchange Rate Changes	2,667	3,429
<b>Cash and cash equivalents at end of the financial period</b>	<b>9,038</b>	<b>28,470</b>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2016)**

**HUBLINE BERHAD**  
(Company No:23568-H)

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2017

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2017**

	< ----- Attributable to Equity Holders of the Parent ----- >							>
	< ----- Non-distributable ----- >					> <u>Distributable</u>		
	Share capital RM'000	Warrant reserve RM'000	Treasury shares RM'000	Share premium RM'000	Translation reserves RM'000	Capital reserves RM'000	Retained Profit RM'000	Total Equity RM'000
<b>YEAR ENDED 30 SEP 2016</b>								
At 1 October 2015	579,276	71,670	(4,192)	2,357	(30,351)	-	(578,172)	40,588
Capital reduction	(546,729)					(47,761)	586,331	(8,159)
Rights issue	85,423	13,252				(5,093)		93,582
Capital raising expenses				(1,005)				(1,005)
Total comprehensive income for the period					14,636		(28,137)	(13,501)
<b>At 30 June 2016</b>	<u>117,970</u>	<u>84,922</u>	<u>(4,192)</u>	<u>1,352</u>	<u>(15,715)</u>	<u>(52,854)</u>	<u>(19,978)</u>	<u>111,505</u>
<b>YEAR ENDED 30 SEP 2017</b>								
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)
<b>At 30 June 2017</b>	<u>85,220</u>	<u>90,693</u>	<u>(4,192)</u>	<u>-</u>	<u>(13,817)</u>	<u>(58,625)</u>	<u>(33,730)</u>	<u>65,549</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2016)

**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 2016.

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 2016.

**A2. Auditors' report on preceding Annual Financial Statements**

The auditors' report on the Group's financial statements for the year ended 30 September 2016 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
<b>Revenue</b>			
External sales	72,118	-	72,118
Inter-segment sales			
Total revenue	<u>72,118</u>	<u>-</u>	<u>72,118</u>
<b>Results</b>			
Interest income	44		44
Finance cost	(6,338)		(6,338)
Segment loss before taxation	<u>(14,141)</u>		<u>(14,141)</u>

**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 30.06.2017 RM '000	Preceding Year Quarter Ended 30.06.2016 RM '000	Current Year To Date 30.06.2017 RM '000	Preceding Year To Date 30.06.2016 RM '000
Interest income	12	148	44	474
Other income	69	447	665	458
Foreign exchange gains/(losses) (net)	798	(2,182)	(1,897)	4,800
Depreciation and amortisation	(2,770)	(1,574)	(8,859)	(6,830)
Container division exit provisions & expenses	-	(8,133)	(8,370)	(15,737)
RCN expenses	(955)	-	(3,416)	-
Foreign exchange translation differences transferred from Translation Reserve	-	(17,531)	-	(17,531)

**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 that has not been reflected in the financial statements for the current period.

**A12. Changes in composition of the Company**

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

**A13. Changes in contingent liabilities or contingent assets**

The contingent liabilities of the Company are as follows:

Corporate Guarantees given to financial institutions and third parties for credit facilities provided to subsidiaries	RM'000
	<u>17,524</u>

**A14. Capital Commitment**

	<b>RM</b>
Amount approved and committed	10.05 million
Amount approved and not committed	<u>NIL</u>
Total	<u>10.05 million</u>

**B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS**

**B1. Review of performance**

	INDIVIDUAL QUARTER			CUMULATIVE		
	Current Year Quarter 30.06.2017 RM '000	Preceding Year Quarter 30.06.2016 RM '000	Changes Amount RM '000	Current Year To Date 30.06.2017 RM '000	Preceding Year To Date 30.06.2016 RM '000	Changes Amount RM '000
<b>Revenue</b>	23,915	20,333	3,582	72,118	74,945	(2,827)
Operating Profit	816	1,244	(428)	705	13,015	(12,310)
(Loss)/Profit before Interest, Tax, Depreciation, and Amortisation (EBITDA)	2,632	(21,687)	24,319	1,883	(2,252)	4,135
(Loss)/Profit Before Tax	(2,460)	(30,368)	27,908	(14,141)	(28,057)	13,916
(Loss)/Profit After Tax	(2,468)	(30,734)	28,266	(14,089)	(28,137)	14,048
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(2,468)	(30,734)	28,266	(14,089)	(28,137)	14,048

- Group revenue for the quarter ended 30 June 2017 was RM 23.9 million as compared to RM 20.3 million in the corresponding period of the previous year. The increase in revenue for the quarter was due to fewer docking and repair sets being out of action as well as fewer number of sets being repositioned to their next load port.
- The operating profit did not reflect the 18% increase in revenue because the margin was squeezed by the increase of 32% in the average bunker price during this quarter under review compared to the preceding year quarter.
- The Group's EBITDA for the current quarter was RM 2.63 million. This amount included RCN expenses of RM 0.95 million incurred during the quarter. In the preceding year quarter, the EBITDA was negative mainly due to foreign exchange losses and foreign exchange loss transfers from reserves to Statement of Income and Expenses as a result of deregistration of foreign subsidiaries totaling RM 23.23 million.
- Interest expenses in the current quarter were RM 2.3 million compared to RM 2.4 million in the preceding year quarter. The marginal interest savings were due to reduction in borrowings, especially those relating to the container business.
- For the cumulative year to date, total revenue fell by RM 2.8 million. The reduction was due to longer downtime from vessel docking which were experienced in the first quarter of the current year.
- Higher bunker expenses by approximately 28% compared to the same period last year, together with a RM 1.9 million foreign exchange loss this year to date compared to a RM 4.8 million foreign exchange gain in the preceding year to date, were the main reasons for the reduction in operating profit for the current to date compared to the preceding year to date.
- The Group's EBITDA for the current year to date was RM 1.88 million and included RM 8.5 million worth of expenses that related to the exit of container business which were incurred in the first quarter of the current financial year to date. In the preceding year to date, container exit expenses including losses associated with deconsolidation and deregistration of subsidiaries were RM 34.6 million of which RM 29.2 million was incurred in the current quarter of the preceding year.

**B2. Comparison with preceding quarter's results**

	<b>Current Year Quarter 30.06.2017 RM '000</b>	<b>Immediate Preceding Quarter 31.03.2017 RM '000</b>	<b>Changes Amount RM '000</b>
<b>Revenue</b>	23,915	23,806	109
Operating Profit	816	735	81
(Loss)/Profit before Interest, Tax, Depreciation, and Amortisation (EBITDA)	2,632	1,720	912
(Loss)/Profit Before Tax	(2,460)	(3,719)	1,259
(Loss)/Profit After Tax	(2,468)	(3,685)	1,217
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(2,468)	(3,685)	1,217

- The Group revenue in the current quarter was RM 23.9 million which was marginally higher than the previous quarter of RM 23.8 million.
- The variance in operating profit was also in line with the increase in revenue. There were no unusual operational activities during the quarter.
- EBITDA in the current quarter was RM 2.63 million as compared to RM 1.72 million in the immediate preceding quarter. EBITDA in the immediate preceding quarter was lower higher due to RM 2.5 million RCN expenses incurred in that quarter compared to RM 0.95 million in the current quarter.

**B3. Commentary on Prospects**

The Group's dry bulk business is performing relatively well. Freight rates are already very low and are expected to improve in the foreseeable future. However, the Group expects any increases in freight rates to be slow going and will take time.

The Group's operating tugs and barges are presently highly utilised. The Group plans to continue with various marketing and promotional strategies in order to expand the Group's existing client base and to work more closely with existing clientele to maintain the Group's market share of the niche sector. We have plans to increase our capacities to cater for our expansion plan.

**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 2017 RM'000	Year to date 30 June 2017 RM'000
Income tax charge		
- current period	39	(348)
Deferred taxation	(47)	400
	<u>(8)</u>	<u>52</u>



**HUBLINE BERHAD**  
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Domestic current income tax is calculated at the statutory tax rate of 24% (2016: 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.

**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 11 August 2017, being the latest practical date, which is not earlier than 7 days from the date of issue of this report.

Redeemable Convertible Notes program ("RCN")

On 17 February 2017, all conditions precedent in relation to RCN program was fulfilled.

As at 30 June 2017, the Company had drawn down RM 26.5 million of RCNs. Of this, share capital increased by RM 21.95 million as a result of conversions from RCNs to ordinary shares. During the quarter, a total 286,289,541 ordinary shares were issued.

Subsequent to quarter end, as at 11 August 2017, a further RM 5.5 million was drawn down from RCNs and 130,000,000 ordinary shares were issued. The total number of shares on issue as at 11 August 2017 was 1,124,881,104.

As at the date of this report, the status of the utilization of the gross proceeds from the RCN 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) Working capital <sup>#</sup>	7,000	4,076	Within 60 months of drawdown	Note A	Note A
(ii) Part payment of borrowings	55,000	19,487	Within 12 months of drawdown	Note A	Note A
(iii) Partial payments for new vessels constructed	18,000	6,030	Within 12 months of drawdown	Note A	Note A
<b>TOTAL</b>	<b>80,000</b>	<b>29,593</b>			

*# includes expenses in connection to the issuance of notes*

Note A: The RCN programme is a 5 year programme that covers up to the period ending 24 February 2022. The actual utilisation disclosed above is within the proposed utilisation range for the full RCN issue of RM80 million and the Group does not expect any material deviation as at the date of this quarterly report.

**B9. Group borrowings and debt securities**

As at 3 <sup>rd</sup> 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
<b>Grand Total</b>		<b>49,595</b>		<b>89,522</b>		<b>139,117</b>

*^ 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.*

As at 3 <sup>rd</sup> quarter ended 30 June 2016						
	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)
Overdraft		378				378
Invoice Financing		13,222		21,519		34,741
Revolving Credit		3,000		875		3,875
Term Loan	12,998	7,000	45,335	55,199	58,333	62,199
Hire Purchase		6		46		52
Total	12,998	23,606	45,335	77,639	58,333	101,245
<b>Grand Total</b>		<b>36,604</b>		<b>122,974</b>		<b>159,578</b>

*^ Loan is denominated in USD. As at 30 June 2016, the total balance outstanding was USD 14.469 million. Exchange rate used to convert to RM was 4.0315.*

Borrowings reduced by RM 20.46 million from RM 159.58 million on 30 June 2016 compared to RM 139.12 million this quarter. These borrowings were reduced mainly from funds raised via the RCN program which is currently underway. The approximate net annual interest savings as a result of the reduction in borrowings is RM 1.44 million.

The average weighted interest rate of borrowings for the Group is 7.04% per annum excluding interest on the Medium Term Notes ("RCN") which carry an interest rate of 1% per annum on any notes before conversion.

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 litigation, claims or arbitration, either as plaintiff or defendant and do not know of any proceedings pending or threatened or of any fact which may materially affect their income from, title to or possession of any of their assets and /or businesses.

**B14. Dividend declared**

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

**B15. Earnings per share**

**(a) Basic**

Basic earnings per share are calculated by dividing the net profit for the quarter/year by the weighted average number of ordinary shares in issue.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30.06.2017	Quarter Ended 30.06.2016	Year to Date ended 30.06.2017	Year to Date ended 30.06.2016
Net profit / (loss) attributable to equity holders of the parent (RM'000)	(2,468)	(30,734)	(14,089)	(28,137)
Weighted average no. of ordinary shares ('000)	826,322	10,918,018	772,963	9,204,330
Basic earnings per share attributable to equity holders of the parent (sen)	-0.30	-0.28	-1.82	-0.31

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.

**HUBLINE BERHAD**  
**(Company No:23568-H)**

**B16. Realised and unrealised profits/losses**

	Current Quarter 30.06.2017 RM'000	Preceding Quarter 31.03.2017 RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	(293,623)	(291,145)
- Unrealised	(11,071)	(11,255)
	<hr/>	<hr/>
	(304,694)	(302,400)
Adjust for: Consolidation adjustments	270,964	271,137
Retained profits as per financial statements	<hr/>	<hr/>
	(33,730)	(31,263)

**B17. Authority for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 August 2017.