

**QUARTERLY REPORT**

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

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.09.2017 RM '000	Preceding Year Quarter Ended 30.09.2016 RM '000	Current Year To Date 30.09.2017 RM '000	Preceding Year To Date 30.09.2016 RM '000
<b>Revenue</b>	22,116	22,959	94,234	86,864
Operating Expenses	(20,805)	(20,033)	(86,243)	(78,716)
	<u>1,311</u>	<u>2,926</u>	<u>7,991</u>	<u>8,148</u>
Other Operating Income	376	437	737	8,761
Administrative Expenses	(2,752)	(3,522)	(10,985)	(11,999)
Other Expenses	(992)	(52,872)	(7,603)	(87,014)
Finance Cost	(1,949)	(2,966)	(8,287)	(9,506)
<b>Profit/ (Loss) before taxation</b>	<u>(4,006)</u>	<u>(55,997)</u>	<u>(18,147)</u>	<u>(91,610)</u>
Taxation	82	612	134	540
<b>Profit/ (Loss) for the period</b>	<u>(3,924)</u>	<u>(55,385)</u>	<u>(18,013)</u>	<u>(91,070)</u>
Other comprehensive income:				
Currency translation differences	(438)	2,285	665	15,431
<b>Total Comprehensive income for the period</b>	<u>(4,362)</u>	<u>(53,100)</u>	<u>(17,348)</u>	<u>(75,639)</u>
Profit/ (Loss) attributable to: Equity holders of the parent	<u>(3,924)</u>	<u>(55,385)</u>	<u>(18,013)</u>	<u>(91,070)</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>(4,362)</u>	<u>(53,100)</u>	<u>(17,348)</u>	<u>(75,639)</u>
<b>Earnings per share attributable to equity holders of the parent (sen)</b>				
<b>Basic</b>	-0.35	-0.45	-2.24*	-0.98
<b>Diluted</b>	N/A	N/A	N/A	N/A

\* The higher loss per share was due to the reduction in the number of ordinary shares on issue following the share consolidation of 20:1 in February 2017. Please refer to Note B15 for further details.

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

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

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

	<b>AS AT END OF CURRENT QUARTER 30.09.2017</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	164,524	158,531
Intangible assets	15,207	15,207
Trade and Other receivables	37,363	41,476
Deferred tax assets	1,493	1,604
	<hr/> 218,587	<hr/> 216,818
<b>Current Assets</b>		
Inventories	5,677	5,060
Assets held for sale	4,746	8,218
Trade and Other receivables	17,383	16,424
Tax recoverable	816	920
Cash and cash equivalents	10,995	16,123
	<hr/> 39,617	<hr/> 46,745
<b>TOTAL ASSETS</b>	<hr/> <b>258,204</b>	<hr/> <b>263,563</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	99,070	126,540
Treasury shares	(4,192)	(4,192)
Reserves	(19,841)	(65,234)
<b>Total equity</b>	<hr/> 75,037	<hr/> 57,114
<b>Non-current liabilities</b>		
Long term borrowings	86,464	86,642
Trade & Other payables	2,208	5,191
Deferred tax liabilities	10,642	11,203
	<hr/> 99,314	<hr/> 103,036
<b>Current Liabilities</b>		
Short term borrowings	46,867	63,342
Trade & Other payables	36,937	39,989
Taxation	49	82
	<hr/> 83,853	<hr/> 103,413
<b>Total liabilities</b>	<hr/> 183,167	<hr/> 206,449
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> <b>258,204</b>	<hr/> <b>263,563</b>
Net assets per share (RM)	0.09	0.006

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(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30 September 2016)  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	<b>CURRENT YEAR TO DATE ENDED 30.09.2017 RM'000</b>	<b>PRECEDING YEAR TO DATE ENDED 30.09.2016 RM'000</b>
Profit/ (Loss) before taxation	(18,147)	(91,610)
Adjustments for :-		
Non-operating items	18,691	84,828
Interest expenses	8,287	9,506
Interest income	(59)	(550)
Operating profit before working capital changes	8,772	2,174
Net change in current assets	5,988	(2,252)
Net change in current liabilities	(6,023)	(38,571)
Tax (paid)/ refunded	(224)	(1,368)
Interest paid	(8,287)	(9,506)
<b>Net cash generated from/ (used in) operating activities</b>	<b>226</b>	<b>(49,523)</b>
Investing activities		
Purchase of property, plant and equipment	(22,048)	(14,222)
Proceeds from sales of investment, property, plant and equipment	2,066	12,837
Interest received	59	550
<b>Net cash (used in)/generated from investing activities</b>	<b>(19,923)</b>	<b>(835)</b>
Financing activities		
Repayment of bank borrowings	(25,408)	(27,874)
Proceeds from capital raising exercises	43,000	93,993
Expenses relating to capital raising	(4,937)	(1,828)
<b>Net cash generated from/ (used in) financing activities</b>	<b>12,655</b>	<b>64,291</b>
Net changes in cash and cash equivalents	(7,042)	13,933
Cash and cash equivalents at beginning of financial period	16,123	1,412
Effects of Exchange Rate Changes	1,914	778
<b>Cash and cash equivalents at end of the financial period</b>	<b>10,995</b>	<b>16,123</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)

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

	< ----- Attributable to Equity Holders of the Parent ----- >							> Distributable
	< ----- Non-distributable -----							
	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)					(39,602)	586,331	-
Rights issue	93,993	19,023				(19,023)		93,993
Capital raising expenses				(1,828)				(1,828)
Total comprehensive income for the period					15,431		(91,070)	(75,639)
<b>At 30 September 2016</b>	<u>126,540</u>	<u>90,693</u>	<u>(4,192)</u>	<u>529</u>	<u>(14,920)</u>	<u>(58,625)</u>	<u>(82,911)</u>	<u>57,114</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	(27,470)						63,270	35,800
Capital raising expenses				(529)				(529)
Total comprehensive income for the period					665		(18,013)	(17,348)
<b>At 30 September 2017</b>	<u>99,070</u>	<u>90,693</u>	<u>(4,192)</u>	<u>-</u>	<u>(14,255)</u>	<u>(58,625)</u>	<u>(37,654)</u>	<u>75,037</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	94,234	-	94,234
Inter-segment sales			
Total revenue	94,234	-	94,234
<b>Results</b>			
Interest income	59		59
Finance cost	(8,287)		(8,287)
Segment loss before taxation	(18,147)		(18,147)

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**A9. Profit before tax**

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.09.2017 RM '000	Preceding Year Quarter Ended 30.09.2016 RM '000	Current Year To Date 30.09.2017 RM '000	Preceding Year To Date 30.09.2016 RM '000
Interest income	15	86	59	550
Other income	12	35	677	2,752
Foreign exchange gains/(losses) (net)	349	(3,544)	(1,548)	4,299
Depreciation and amortisation	(3,581)	(2,668)	(12,440)	(10,599)
Container division exit provisions & expenses	-	(52,872)	(3,195)	(87,014)
RCN expenses	(992)	-	(4,408)	-
Foreign exchange translation differences transferred from Translation Reserve	-	153	-	(17,378)

**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>15,960</u>

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

**B1. Review of performance**

	INDIVIDUAL QUARTER			CUMULATIVE		
	Current Year Quarter 30.09.2017 RM '000	Preceding Year Quarter 30.09.2016 RM '000	Changes Amount RM '000	Current Year To Date 30.09.2017 RM '000	Preceding Year To Date 30.09.2016 RM '000	Changes Amount RM '000
<b>Revenue</b>	22,116	22,959	(843)	94,234	86,864	7,370
Operating Profit	1,311	2,926	(1,615)	7,991	8,148	(157)
(Loss)/Profit before Interest, Tax, Depreciation, and Amortisation (EBITDA)	1,524	(47,644)	49,168	3,406	(57,112)	60,518
(Loss)/Profit Before Tax	(4,006)	(55,997)	51,991	(18,147)	(91,610)	73,463
(Loss)/Profit After Tax	(3,924)	(55,385)	51,461	(18,013)	(91,070)	73,057
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,924)	(55,385)	51,461	(18,013)	(91,070)	73,057

- Group revenue for the quarter ended 30 September 2017 was RM 22.12 million which was marginally lower when compared to the corresponding period of the previous year where revenue for that quarter was RM 22.96.
- The operating profit was lower compared to the same period last year due to an increase of 26% in the average bunker price during this quarter under review compared to the preceding year quarter. Furthermore, the Group incurred 22% higher port charges in the current quarter compared to the same period last year.
- The Group's EBITDA for the current quarter was RM 1.52 million. This amount included RCN expenses of RM 0.99 million. In the preceding year quarter, the EBITDA was negative mainly due to foreign exchange losses and container division exit expenses totaling RM 52.5 million.
- Interest expenses in the current quarter were RM 1.95 million compared to RM 2.97 million in the preceding year quarter. The interest savings were due to reduction in borrowings, especially those relating to the container business.
- For the cumulative year to date, total revenue increased by RM 7.37 million. However, despite the 8.5% increase in revenue, this was not reflected in the operating profit for the year which was marginally lower compared to the previous year. Higher bunker expenses by approximately 26% compared to the same period last year, together with a RM 1.55 million foreign exchange loss incurred in the first quarter this year compared to a RM 1.26 million foreign exchange gain in the preceding year to date, were the main reasons for the reduction in operating profit.
- The Group's EBITDA for the current year to date included RM 7.6 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 87.4 million of which RM 49.0 million was incurred in the current quarter of the preceding year.

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

	<b>Current Year Quarter 30.09.2017 RM '000</b>	<b>Immediate Preceding Quarter 30.06.2017 RM '000</b>	<b>Changes Amount RM '000</b>
<b>Revenue</b>	22,116	23,915	(1,799)
Operating Profit	1,311	2,199	(888)
(Loss)/Profit before Interest, Tax, Depreciation, and Amortisation (EBITDA)	1,524	2,632	(1,108)
(Loss)/Profit Before Tax	(4,006)	(2,460)	(1,546)
(Loss)/Profit After Tax	(3,924)	(2,468)	(1,456)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,924)	(2,468)	(1,456)

- The Group revenue in the current quarter was RM 22.12 million which was lower than the previous quarter of RM 23.9 million.
- The variance in operating profit was mainly because port charges incurred were 17% higher in the current quarter compared to last quarter.
- EBITDA in the current quarter was RM 1.52 million as compared to RM 2.63 million in the immediate preceding quarter. EBITDA in the current quarter was lower due to higher operating expenses as explained above.

**B3. Commentary on Prospects**

The Group's dry bulk business is performing within expectations. Freight rates have been slowly increasing recently and the Group is expected to improve performance in the foreseeable future.

The Group's operating tugs and barges continue to be highly utilised. The Group's various marketing and promotional strategies to expand the Group's existing client base has resulted in additional routes being included in scheduling. We will work more closely with existing clientele to maintain the Group's market share of the niche sector, as well as explore opportunities to work with new clients to expand the Group's current route network.

**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 September 2017 RM'000	Year to date 30 September 2017 RM'000
Income tax charge		
- current period	57	(291)
Deferred taxation	25	425
	82	134

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



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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 by not completed as at 24 November 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 September 2017, the Company had drawn down RM 43.0 million of RCNs. Of this, share capital increased by RM 35.8 million as a result of conversions from RCNs to ordinary shares. During the quarter, a total 277,000,000 ordinary shares were issued.

Subsequent to quarter end, as at 24 November 2017, the balance RM 37.0 million was drawn down from RCNs and 876,156,861 ordinary shares were issued. All RCNs have been converted into shares with the total number of shares on issue as at 24 November 2017 being 2,148,037,965.

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	5,802	Within 60 months of drawdown	Note A	Note A
(ii) Part payment of borrowings	55,000	36,391	Within 12 months of drawdown	Note A	Note A
(iii) Partial payments for new vessels constructed	18,000	12,879	Within 12 months of drawdown	Note A	Note A
<b>TOTAL</b>	<b>80,000</b>	<b>55,072</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 ended 24 February 2022. While not all proceeds have been dispersed, the Group expects it to be utilised within the timeframe provided. 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 4 <sup>th</sup> quarter ended 30 September 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		28,504				28,504
Revolving Credit		500		250		750
Term Loan	13,960	3,893	30,072	48,942	44,032	52,835
Hire Purchase		10				10
Medium Term Notes				7,200		7,200
Total	13,960	32,907	30,072	56,392	44,032	89,299
<b>Grand Total</b>		<b>46,867</b>		<b>86,464</b>		<b>133,331</b>

<sup>^</sup> Loan is denominated in USD. As at 30 September 2017, the total balance outstanding was USD 10.429 million. Exchange rate used to convert to RM was 4.2220.

As at 4 <sup>th</sup> quarter ended 30 September 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)
Invoice Financing		30,758		2,702		33,460
Revolving Credit		2,059		868		2,927
Term Loan	13,399	17,091	43,130	39,930	56,529	57,021
Hire Purchase		35		12		47
Total	13,399	49,943	43,130	43,512	56,529	93,455
<b>Grand Total</b>		<b>63,342</b>		<b>86,642</b>		<b>149,984</b>

<sup>^</sup> Loan is denominated in USD. As at 30 September 2016, the total balance outstanding was USD 13.669 million. Exchange rate used to convert to RM was 4.1355.

Borrowings reduced by RM 16.65 million from RM 149.98 million on 30 September 2016 compared to RM 133.33 million this quarter. Current year borrowings include RM 7.2 million of RCN funds which were only converted into shares subsequent to year end. Excluding the RCN liability, as at 30 September 2017 borrowings would have reduced by RM 23.85 million. Borrowings were reduced mainly from funds raised via the RCN program. The approximate net annual interest savings as a result of the reduction in borrowings is RM 1.68 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.

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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 30.09.2017	Quarter Ended 30.09.2016	Year to Date ended 30.09.2017	Year to Date ended 30.09.2016
Net profit / (loss) attributable to equity holders of the parent (RM'000)	(3,924)	(55,385)	(18,013)	(91,070)
Weighted average no. of ordinary shares ('000)	1,119,911	12,284,128	804,653	9,330,540
Basic earnings per share attributable to equity holders of the parent (sen)	-0.35	-0.45	-2.24	-0.98

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.

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

	Current Quarter 30.09.2017 RM'000	Preceding Quarter 30.06.2017 RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	(309,100)	(293,623)
- Unrealised	(10,697)	(11,071)
	<hr/>	<hr/>
	(319,797)	(304,694)
Adjust for: Consolidation adjustments	282,143	270,964
Retained profits as per financial statements	<hr/>	<hr/>
	(37,654)	(33,730)

**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 27 November 2017.