

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 March 2018

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2018**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.03.2018 RM '000	Preceding Year Quarter Ended 31.03.2017 RM '000	Current Year To Date 31.03.2018 RM '000	Preceding Year To Date 31.03.2017 RM '000
Revenue	22,035	23,806	47,259	48,202
Operating Expenses	(20,023)	(20,908)	(42,487)	(42,772)
	<u>2,012</u>	<u>2,898</u>	<u>4,772</u>	<u>5,430</u>
Other Operating Income	2,865	425	6,115	2,726
Administrative Expenses	(2,297)	(2,588)	(4,539)	(4,990)
Other Expenses	(483)	(2,461)	(2,128)	(10,831)
Finance Cost	(1,760)	(1,993)	(3,104)	(4,017)
Profit/ (Loss) before taxation	<u>337</u>	<u>(3,719)</u>	<u>1,116</u>	<u>(11,682)</u>
Taxation	(19)	34	729	60
Profit/ (Loss) for the period	<u>318</u>	<u>(3,685)</u>	<u>1,845</u>	<u>(11,622)</u>
Other comprehensive income:				
Currency translation differences	(3,085)	(368)	(4,154)	1,816
Total Comprehensive income for the period	<u>(2,767)</u>	<u>(4,053)</u>	<u>(2,309)</u>	<u>(9,806)</u>
Profit/ (Loss) attributable to: Equity holders of the parent	<u>318</u>	<u>(3,685)</u>	<u>1,845</u>	<u>(11,622)</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>(2,767)</u>	<u>(4,053)</u>	<u>(2,309)</u>	<u>(9,806)</u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.01	-0.58	0.08	-1.73
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
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 March 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	AS AT END OF CURRENT QUARTER 31.03.2018	AS AT PRECEEDING FINANCIAL YEAR ENDED 30.09.2017
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	166,698	164,131
Intangible assets	15,207	15,207
Trade and Other receivables	32,918	34,465
Deferred tax assets	1,805	1,703
	<u>216,628</u>	<u>215,506</u>
Current Assets		
Inventories	6,654	5,627
Assets held for sale	-	4,746
Trade and Other receivables	19,739	18,125
Tax recoverable	998	613
Cash and cash equivalents	31,702	11,156
	<u>59,093</u>	<u>40,267</u>
TOTAL ASSETS	<u>275,721</u>	<u>255,773</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	164,958	99,070
Treasury shares	(4,192)	(4,192)
Reserves	(24,046)	(20,523)
Total equity	<u>136,720</u>	<u>74,355</u>
Non-current liabilities		
Long term borrowings	55,545	67,239
Trade & Other payables	606	7,809
Deferred tax liabilities	10,459	11,629
	<u>66,610</u>	<u>86,677</u>
Current Liabilities		
Short term borrowings	47,171	58,893
Trade & Other payables	25,152	35,774
Taxation	68	74
	<u>72,391</u>	<u>94,741</u>
Total liabilities	<u>139,001</u>	<u>181,418</u>
TOTAL EQUITY AND LIABILITIES	<u>275,721</u>	<u>255,773</u>
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)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 March 2018

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2018**

	CURRENT YEAR TO DATE ENDED 31.03.2018 RM'000	PRECEDING YEAR TO DATE ENDED 31.03.2017 RM'000
Profit/ (Loss) before taxation	1,116	(11,682)
Adjustments for :-		
Non-operating items	5,943	13,133
Interest expenses	3,104	4,017
Interest income	(304)	(32)
Operating profit before working capital changes	9,859	5,436
Net change in current assets	3,180	4,217
Net change in current liabilities	(12,064)	(6,056)
Tax (paid)/ refunded	(462)	(34)
Interest paid	(3,104)	(4,017)
Net cash generated from/ (used in) operating activities	(2,591)	(454)
Investing activities		
Purchase of property, plant and equipment	(8,383)	(6,043)
Proceeds from sales of investment, property, plant and equipment	2,961	267
Interest received	304	32
Net cash (used in)/generated from investing activities	(5,118)	(5,744)
Financing activities		
Repayment of bank borrowings	(23,577)	(11,684)
Proceeds from capital raising exercises	58,688	11,500
Expenses relating to capital raising	(1,504)	(2,990)
Net cash generated from/ (used in) financing activities	33,607	(3,174)
Net changes in cash and cash equivalents	25,898	(9,372)
Cash and cash equivalents at beginning of financial period	11,156	16,123
Effects of Exchange Rate Changes	(5,352)	425
Cash and cash equivalents at end of the financial period	31,702	7,176

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2017)

HUBLINE BERHAD
(Company No:23568-H)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 March 2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 31 MARCH 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
YEAR 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	(57,270)						63,270	6,000
Capital raising expenses				(529)				(529)
Total comprehensive income for the period					1,816		(11,622)	(9,806)
At 31 March 2017	69,270	90,693	(4,192)	-	(13,104)	(58,625)	(31,263)	52,779
YEAR 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					(4,154)		1,845	(2,309)
At 31 March 2018	164,958	90,693	(4,192)	-	(18,687)	(58,625)	(37,427)	136,720

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)

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	47,259	-	47,259
Inter-segment sales			
Total revenue	47,259	-	47,259
Results			
Interest income	304		304
Finance cost	(3,104)		(3,104)
Segment profit before taxation	1,116		1,116

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 31.03.2018 RM '000	Preceding Year Quarter Ended 31.03.2017 RM '000	Current Year To Date 31.03.2018 RM '000	Preceding Year To Date 31.03.2017 RM '000
Interest income	158	2	304	32
Other income	1,866	873	3,052	908
Foreign exchange gains/(losses) (net)	842	(796)	2,759	1,118
Depreciation and amortisation	(2,792)	(3,446)	(6,268)	(6,089)
Container division exit provisions & expenses	-	(8,370)	-	(8,370)
Capital raising expenses	(182)	(2,461)	(1,505)	(2,461)

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:

Corporate Guarantees given to financial institutions and third parties for credit facilities provided to subsidiaries	RM'000
	<u>14,358</u>

A14. Capital Commitment

	RM
Amount approved and committed	19.91 million
Amount approved and not committed	<u>NIL</u>
Total	<u>19.91 million</u>

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

	INDIVIDUAL QUARTER			CUMULATIVE		
	Current Year Quarter 31.03.2018 RM '000	Preceding Year Quarter 31.03.2017 RM '000	Changes Amount RM '000	Current Year To Date 31.03.2018 RM '000	Preceding Year To Date 31.03.2017 RM '000	Changes Amount RM '000
Revenue	22,035	23,806	(1,771)	47,259	48,202	(943)
Operating Profit	2,012	2,898	(886)	4,772	5,430	(658)
(Loss)/Profit before Interest, Tax, Depreciation, and Amortisation (EBITDA)	4,879	1,949	2,930	10,477	4,480	5,997
Profit/(Loss) Before Tax	337	(3,719)	4,056	1,116	(11,682)	12,798
Profit/(Loss) After Tax	318	(3,685)	4,003	1,845	(11,622)	13,467
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	318	(3,685)	4,003	1,845	(11,622)	13,467

- Group revenue for the quarter ended 31 March 2018 was RM 22.04 million which was lower when compared to the corresponding period of the previous year where revenue for that quarter was RM 23.81 million. The decrease in revenue was due to the bad weather from mid December 2017 to February 2018 which resulted in four vessels being stranded and subsequently placed in for repairs.
- The operating profit also dropped compared to the same period last year. This is due to the reduction in revenue but was mainly caused by the increase in bunker price. Bunker price increased by 10% compared to the same period last year.
- The Group's EBITDA for the current quarter was RM 4.88 million. This amount included private placement expenses of RM 0.18 million. In the preceding year quarter, the EBITDA was RM 1.95 million which is lower mainly due to RCN expenses of RM 2.5 million.
- Interest expenses in the current quarter were RM 1.76 million compared to RM 2.0 million in the preceding year quarter. The interest savings were due to reduction in borrowings, especially those relating to the container business.

B2. Comparison with preceding quarter's results

	Current Year Quarter 31.03.2018 RM '000	Immediate Preceding Quarter 31.12.2017 RM '000	Changes Amount RM '000
Revenue	22,035	25,225	(3,190)
Operating Profit	2,012	2,761	(749)
(Loss)/Profit before Interest, Tax, Depreciation, and Amortisation (EBITDA)	4,879	5,598	(719)

HUBLINE BERHAD
(Company No:23568-H)

Profit/(Loss) Before Tax	337	778	(441)
Profit/(Loss) After Tax	318	1,527	(1,209)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	318	1,527	(1,209)

- The Group revenue in the current quarter was RM 22.04 million which was lower than the previous quarter of RM 25.23 million. The decrease in revenue was due to the bad weather from mid December 2017 to February 2018 which resulted in four vessels being stranded and subsequently placed in for repairs.
- Compared to the previous quarter, bunker price had increased by 8%. Additionally, we have 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 4.88 million as compared to RM 5.60 million in the immediate preceding quarter. EBITDA in the previous quarter was higher due to higher revenue earned in that quarter.

B3. Commentary on Prospects

As mentioned in the last quarter, the Group's dry bulk business was affected by the recent bad weather which had resulted in four (4) of our vessel sets being stranded. Up to now, we still have two of the affected vessels undergoing repairs. We have also chartered in two vessels to assist with our operations while our own vessels undergo repairs. We continue to work towards various marketing and promotional strategies to expand our existing client base and we expect to maintain our existing clientele within the niche sector in which we operate. However, with the rest of the Group's operating tugs and barges continuing to be highly utilised and the industry is showing improvement with the rates increasing in recent months, we expect that the operations will continue to improve in the coming quarters.

B4. Variance of actual profit from forecast profit and shortfall in profit guarantee

Not applicable as the Group did not issue any profit forecast and /or profit guarantee for the quarter.

B5. Taxation

	Quarter ended 31 March 2018 RM'000	Year to date 31 March 2018 RM'000
Income tax charge		
- current period	(78)	(159)
Deferred taxation	59	888
	<u>(19)</u>	<u>729</u>

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.

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 10 May 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 10 May 2018, 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 [#]	7,000	5,812	Within 60 months of drawdown	Note A	Note A
(ii) Part payment of borrowings	55,000	52,702	Within 12 months of drawdown	Note A	Note A
(iii) Partial payments for new vessels constructed	18,000	17,479	Within 12 months of drawdown	Note A	Note A
TOTAL	80,000	75,993			

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.

(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 10 May 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	-	Within 12 months from receipt of funds	Note B	Note B
(ii) Capital expenditure	5,900	3,161	Within 12 months from receipt of funds	Note B	Note B
(iii) Partial payment of secured container shipping business			Within 12 months		

HUBLINE BERHAD
(Company No:23568-H)

	creditors	3,900	1,440	from receipt of funds	Note B	Note B
(iv)	Working capital	688	688	Within 12 months from receipt of funds	Note B	Note B
(v)	Estimated expenses in relation to Private Placement	200	196	Within 1 month from receipt of funds	Note B	Note B
	TOTAL	21,688	5,485			

Note B: 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

B9. Group borrowings and debt securities

As at 1 st quarter ended 31 March 2018						
Secured	Short term		Long term		Total borrowings	
	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		17,663		-		17,663
Revolving Credit		500		-		500
Term Loan	12,908	16,000	21,027	34,447	33,935	50,447
Hire Purchase		100		71		171
Total	12,908	34,263	21,027	34,518	33,935	68,781
Grand Total		47,171		55,545		102,716

^ Loan is denominated in USD. As at 31 March 2018, the total balance outstanding was USD 8.875 million. Exchange rate used to convert to RM was 3.8630.

As at 1 st quarter ended 31 March 2017						
Secured	Short term		Long term		Total borrowings	
	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		12,691		19,089		31,780
Revolving Credit		500		500		1,000
Term Loan	14,475	18,593	38,854	37,424	53,329	56,017
Hire Purchase		18		10		28
Medium Term Notes		-		5,500		5,500
Total	14,475	31,802	38,854	62,523	53,329	94,325
Grand Total		46,277		101,377		147,654

^ Loan is denominated in USD. As at 31 March 2017, the total balance outstanding was USD 12.057 million. Exchange rate used to convert to RM was 4.4230.

Borrowings reduced by RM 44.94 million from RM 147.65 million on 31 March 2017 compared to RM 102.72 million this quarter. 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 2.71 million.

HUBLINE BERHAD
(Company No:23568-H)

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.

B14. Dividend declared

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

B15. Earnings per share

(a) Basic

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31.03.2018	Quarter Ended 31.03.2017	Year to Date ended 31.03.2018	Year to Date ended 31.03.2017
Net profit / (loss) attributable to equity holders of the parent (RM'000)	318	(3,685)	1,845	(11,622)
Weighted average no. of ordinary shares ('000)	2,285,743	636,541	2,240,546	671,171
Basic earnings per share attributable to equity holders of the parent (sen)	0.01	-0.58	0.08	-1.73

HUBLINE BERHAD
(Company No:23568-H)

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 15 May 2018.