

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2019

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 December 2019**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2019 RM '000	Preceding Year Quarter Ended 31.12.2018 RM '000	Current Year To Date 31.12.2019 RM '000	Preceding Year To Date 31.12.2018 RM '000
<b>Revenue</b>	35,867	27,982	35,867	27,982
Operating Expenses	(30,646)	(25,170)	(30,646)	(25,170)
	<u>5,221</u>	<u>2,812</u>	<u>5,221</u>	<u>2,812</u>
Other Operating Income	496	2,193	496	2,193
Administrative Expenses	(3,737)	(2,800)	(3,737)	(2,800)
Other Expenses	(150)	(817)	(150)	(817)
Finance Cost	(1,108)	(1,299)	(1,108)	(1,299)
<b>Profit/ (Loss) before taxation</b>	<u>722</u>	<u>89</u>	<u>722</u>	<u>89</u>
Taxation	(583)	294	(583)	294
<b>Profit/ (Loss) for the period</b>	<u>139</u>	<u>383</u>	<u>139</u>	<u>383</u>
Other comprehensive income:				
Currency translation differences	(1,380)	(42)	(1,380)	(42)
<b>Total Comprehensive income for the period</b>	<u>(1,241)</u>	<u>341</u>	<u>(1,241)</u>	<u>341</u>
<b>Profit/ (Loss) attributable to:</b>				
Shareholders of the parent	101	383	101	383
Non-controlling interests	38	-	38	-
<b>Profit/ (Loss) for the period</b>	<u>139</u>	<u>383</u>	<u>139</u>	<u>383</u>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent	(1,279)	341	(1,279)	341
Non-controlling interests	38	-	38	-
<b>Total Comprehensive income for the period</b>	<u>(1,241)</u>	<u>341</u>	<u>(1,241)</u>	<u>341</u>
<b>Earnings per share attributable to equity holders of the parent (sen)</b>				
<b>Basic</b>	0.003	0.01	0.003	0.01
<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 audited consolidated results of the Group for the financial year ended 30 September 2019)

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

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2019

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	<b>AS AT END OF CURRENT QUARTER 31.12.2019</b>	<b>AS AT PRECEEDING FINANCIAL YEAR ENDED 30.09.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, Plant and Equipment	209,802	202,140
Right-of-use assets	1,032	-
Intangible assets	25,856	25,856
Trade and Other receivables	25,293	24,982
Deferred tax assets	6,990	7,800
	<u>268,973</u>	<u>260,778</u>
<b>Current Assets</b>		
Inventories	9,877	11,312
Trade and Other receivables	30,695	36,111
Tax recoverable	773	667
Cash and cash equivalents	17,562	23,063
	<u>58,907</u>	<u>71,151</u>
<b>TOTAL ASSETS</b>	<u>327,880</u>	<u>331,931</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	218,538	218,538
Treasury shares	(4,192)	(4,192)
Reserves	(27,879)	(26,600)
Total equity attributable to shareholders of the parent	<u>186,467</u>	<u>187,746</u>
Non-controlling interests	5,342	5,304
<b>Total equity</b>	<u>191,809</u>	<u>193,050</u>
<b>Non-current liabilities</b>		
Long term borrowings	27,154	32,583
Deferred tax liabilities	11,732	13,013
	<u>38,886</u>	<u>45,596</u>
<b>Current Liabilities</b>		
Short term borrowings	44,208	41,034
Trade & Other payables	49,394	47,271
Taxation	3,583	4,980
	<u>97,185</u>	<u>93,285</u>
<b>Total liabilities</b>	<u>136,071</u>	<u>138,881</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>327,880</u>	<u>331,931</u>
Net assets per share (RM)	0.05	0.05

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited consolidated results of the Group for the financial year ended 30 September 2019)

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2019

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 DECEMBER 2019**

	<b>CURRENT YEAR TO DATE ENDED 31.12.2019 RM'000</b>	<b>PRECEDING YEAR TO DATE ENDED 31.12.2018 RM'000</b>
Profit/ (Loss) before taxation	722	89
Adjustments for :-		
Non-operating items	1,873	3,514
Interest expenses	1,108	1,299
Interest income	(16)	(85)
Operating profit before working capital changes	<u>3,687</u>	<u>4,817</u>
Net change in current assets	7,326	2,652
Net change in current liabilities	3,137	948
Tax (paid)/ refunded	(581)	(211)
Interest paid	(1,108)	(1,299)
<b>Net cash generated from/ (used in) operating activities</b>	<u>12,461</u>	<u>6,907</u>
Investing activities		
Purchase of property, plant and equipment	(13,328)	(11,588)
Proceeds from sales of property, plant and equipment	-	28
Interest received	16	85
<b>Net cash (used in)/generated from investing activities</b>	<u>(13,312)</u>	<u>(11,475)</u>
Financing activities		
Repayment of bank borrowings	(5,739)	(8,736)
Proceeds from capital raising exercises	2,000	52,438
Expenses relating to capital raising	(60)	(545)
<b>Net cash generated from/ (used in) financing activities</b>	<u>(3,799)</u>	<u>43,157</u>
Net changes in cash and cash equivalents	(4,650)	38,589
Cash and cash equivalents at beginning of financial period	23,063	8,468
Effects of Exchange Rate Changes	(851)	(46)
<b>Cash and cash equivalents at end of the financial period</b>	<u>17,562</u>	<u>47,011</u>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated results of the Group for the financial year ended 30 September 2019)**

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2019**

	< ----- Attributable to Shareholders of the Parent ----- >							
	Share capital RM'000	Warrant reserve RM'000	Treasury shares RM'000	Translation reserves RM'000	Capital reserves RM'000	Retained Profit RM'000	Non-Controlling interests RM'000	Total Equity RM'000
<b>3 MONTHS ENDED 31 DEC 2018</b>								
At 1 October 2018	164,958	90,693	(4,192)	(15,326)	(58,625)	(43,801)	-	(43,801)
Conversion of RCN	52,439						-	
Total comprehensive income for the period				(42)		383	-	383
<b>At 31 December 2018</b>	<b>217,397</b>	<b>90,693</b>	<b>(4,192)</b>	<b>(15,368)</b>	<b>(58,625)</b>	<b>(43,418)</b>	<b>-</b>	<b>(43,418)</b>
<b>3 MONTHS ENDED 31 DEC 2019</b>								
At 1 October 2019	218,538	118,094	(4,192)	(14,583)	(85,669)	(44,442)	5,304	193,050
Conversion of RCN	-						-	-
Expiry of Warrants A		(75,298)			75,298			-
Total comprehensive income for the period				(1,380)		101	38	(1,241)
<b>At 30 September 2019</b>	<b>218,538</b>	<b>42,796</b>	<b>(4,192)</b>	<b>(15,963)</b>	<b>(10,371)</b>	<b>(44,341)</b>	<b>5,342</b>	<b>191,809</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated results of the Group for the financial year ended 30 September 2019)

**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 2019.

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 2019.

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

The auditors' report on the Group's financial statements for the year ended 30 September 2019 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.

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

**A8. Segmental Information**

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Related Overheads RM'000	Discontinued Operations RM'000	Group RM'000
<b>Revenue</b>					
External sales	22,353	13,514	-	-	35,867
Total revenue	22,353	13,514	-	-	35,867
<b>Results</b>					
Gross profit	2,004	3,217	-	-	5,221
Interest & other income	124	-	372	-	496
Administrative costs	(816)	(1,834)	(1,087)	-	(3,737)
Finance cost	(226)	(144)	(2)	(736)	(1,108)
Other expenses	-	-	(90)	(60)	(150)
Segment profit before taxation	1,086	1,239	(807)	(796)	722

**A9. Profit before tax**

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2019 RM '000	Preceding Year Quarter Ended 31.12.2018 RM '000	Current Year To Date 31.12.2019 RM '000	Preceding Year To Date 31.12.2018 RM '000
Interest income	16	85	16	85
Other income	217	2,193	217	2,193
Foreign exchange gains/(losses) (net)	263	(5)	263	(5)
Depreciation and amortisation	(4,635)	(2,987)	(4,635)	(2,987)
Capital raising expenses	-	(545)	-	(545)

**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
	15,673

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

**A14. Capital Commitment**

**RM**

Amount approved and committed	7.42 million
Amount approved and not committed	<u>NIL</u>
Total	<u>7.42 million</u>

**A15. Related Party Transactions**

	3 Months Ended 30.09.2019 RM'000	3 Months Ended 30.09.2018 RM'000	12 Months Ended 30.09.2019 RM'000	12 Months Ended 30.09.2018 RM'000
A Company in which a director is also the key management personnel				
Rental of premises	129	129	516	516

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

**B1. Review of performance**

	INDIVIDUAL QUARTER			CUMULATIVE		
	Current Year Quarter 31.12.2019 RM '000	Preceding Year Quarter 31.12.2018 RM '000	Changes Amount RM '000	Current Year To Date 31.12.2019 RM '000	Preceding Year To Date 31.12.2018 RM '000	Changes Amount RM '000
<b>Revenue</b>	35,867	27,982	7,885	35,867	27,982	7,885
Operating Profit	5,221	2,812	2,409	5,221	2,812	2,409
(Loss)/Profit before Interest, Tax, Depreciation, and Amortisation (EBITDA)	6,465	4,374	2,091	6,465	4,374	2,091
Profit/(Loss) Before Tax	722	89	633	722	89	633
Profit/(Loss) After Tax	139	383	(244)	139	383	(244)

- Group revenue for the quarter ended 31 December 2019 was RM 35.87 million which was higher when compared to the corresponding period of the previous year. This is due to the inclusion of the aviation segment which was only acquired in May 2019. When compared with the drybulk segment, revenue had fallen by RM 5.6 million. This decrease was mainly due to undertaking shipments which had commanded a lower freight rates.
- The Group's EBITDA for the current quarter was RM 6.47 million compared to RM 4.37 million in the same quarter. The improved EBITDA was due to the inclusion of the aviation segment.

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

	Current Year Quarter 31.12.2019 RM '000	Immediate Preceding Quarter 30.09.2019 RM '000	Changes Amount RM '000
<b>Revenue</b>	35,867	38,457	(2,590)
Operating Profit	5,221	7,126	(1,905)
(Loss)/Profit before Interest, Tax, Depreciation, and Amortisation (EBITDA)	6,465	8,124	(1,659)
Profit/(Loss) Before Tax	722	440	(282)
Profit/(Loss) After Tax	139	166	(27)

- For the first quarter ended 31 December 2019, the dry bulk business contributed a total of RM 22.35 million in revenue while the aviation segment contributed RM 13.51 million. This is compared with the immediate preceding quarter which earned RM 25.47 million revenue in the dry bulk business and RM 12.99 million revenue in the aviation segment.



**HUBLINE BERHAD**  
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- The decrease in operating profit in the current quarter as compared to the preceding quarter was mainly due to reduced revenue in the current quarter.
- EBITDA in the current quarter was RM 6.47 million as compared to RM 8.12 million in the immediate preceding quarter. EBITDA in the current quarter was lower mainly due to the lower operating profit.

**B3. Commentary on Prospects**

While the Board is confident that we are able to maintain market share in the dry bulk business, the effect of the current Covid-19 crisis is expected to have an effect on the Group's business in the short term. Further, to maintain market competitiveness, the Group has noticed that freight rates have been slowly inching downwards. We will continue to monitor the situation and do not believe it will have any significant long term impact.

Despite the above, the aviation segment is not expected to be greatly impacted by this and is looking forward to expansion through the acquisition additional helicopters and fixed wings in the near future. We remain optimistic on the positive outlook of the Academy.

**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**

	3 Months Ended 31.12.2019 RM'000	3 Months Ended 31.12.2018 RM'000	12 Months Ended 31.12.2019 RM'000	12 Months Ended 31.12.2018 RM'000
Income tax charge				
- current period	(583)	(43)	(583)	(43)
Deferred taxation	-	337	-	337
	<u>(583)</u>	<u>294</u>	<u>(583)</u>	<u>294</u>

Domestic current income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

**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 24 February 2020, being the latest practical date, which is not earlier than 7 days from the date of issue of this report.

(i) Rights Issue

At the Extraordinary General Meeting ("EGM") held on 23 October 2018, shareholders passed the resolution for the proposed rights issue with warrants and the proposed issuance of redeemable convertible notes with an aggregate principal of up to RM 200.0 million.

The Rights Issue was successfully completed on 21 December 2018 with full subscription, raising a total RM 52.438 million for the Group.

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As at 24 February 2020, all proceeds from the Rights Issue 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) Repayment of borrowings	20,000	22,433	Within 12 months from receipt of funds	4.64	N/A
(ii) Capital expenditure (acquisition of barges)	20,000	17,567	Within 12 months from receipt of funds	-4.64	N/A
(iii) Working capital	11,300	11,300	Within 12 months from receipt of funds	-	N/A
(iv) Estimated expenses in relation to Rights Issue	1,138	1,138	Within 1 month from receipt of funds	-	N/A
<b>TOTAL</b>	<b>52,438</b>	<b>52,438</b>			

(ii) Redeemable Convertible Notes program ("RCN")

The RCN Program which was approved at the EGM held on 23 October 2018 had all conditions precedent to the Subscription Agreement satisfied by 14 January 2019.

As at 24 February 2020, the status of the utilisation of the gross proceeds received from the RCN is 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) Repayment of borrowings	70,000	4,449	Within 3 years of drawdown	Note B	Note B
(ii) Capital expenditure (acquisition of tugs, barges and vessels)	95,000	-	Within 5 years of drawdown	Note B	Note B
(iii) Working capital	25,000	624	Within 5 years of drawdown	Note B	Note B
(iv) Estimated expenses in relation to RCN	10,000	927	Within 1 month of drawdown	Note B	Note B
<b>TOTAL</b>	<b>200,000</b>	<b>6,000</b>			

Note B: The RCN program is a 5 year programme that covers up to the period ended 18 February 2024. 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 issued of RM 6.0 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 1 <sup>st</sup> quarter ended 31 December 2019						
	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		3,788				3,788
Invoice Financing		10,373				10,373
Revolving Credit		10,000				10,000
Term Loan	11,825	7,790		22,522	11,825	30,312
Hire Purchase		432		582		1,014
RCN				4,050		4,050
Total	11,825	32,383		27,154	11,825	59,537
<b>Grand Total</b>		<b>44,208</b>		<b>27,154</b>		<b>71,362</b>

*^ Loan is denominated in USD. As at 31 December 2019, the total balance outstanding was USD 2.89 million. Exchange rate used to convert to RM was 4.0930.*

As at 1 <sup>st</sup> quarter ended 31 December 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		10,457		-		10,457
Revolving Credit		125		-		125
Term Loan	14,046	10,200	11,950	38,800	25,996	49,000
Hire Purchase		143		65		208
Total	14,046	20,925	11,950	38,865	25,996	59,790
<b>Grand Total</b>		<b>34,971</b>		<b>50,815</b>		<b>85,786</b>

*^ Loan is denominated in USD. As at 31 December 2018, the total balance outstanding was USD 6.285 million. Exchange rate used to convert to RM was 4.1360.*

Borrowings reduced by RM 14.42 million from RM 85.79 million on 31 December 2018 compared to RM 71.36 million this quarter. Borrowings were reduced mainly from funds raised via RCN. The approximate net annual interest savings as a result of the repayment of loans is RM 0.86 million.

The average weighted interest rate of borrowings for the Group is 6.0% 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 31.12.2019	Quarter Ended 31.12.2018	Year to Date ended 31.12.2019	Year to Date ended 31.12.2018
Net profit / (loss) attributable to equity holders of the parent (RM'000)	101	383	101	383
Weighted average no. of ordinary shares ('000)	3,818,350	2,577,763	3,818,350	3,476,485
Basic earnings per share attributable to equity holders of the parent (sen)	0.003	0.01	0.003	0.01

**(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 27 February 2020.