

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2021

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2021**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2021 RM '000	Preceding Year Quarter Ended 31.12.2020 RM '000	Current Year To Date 31.12.2021 RM '000	Preceding Year To Date 31.12.2020 RM '000
Revenue	68,312	34,377	68,312	34,377
Operating Expenses	(52,228)	(27,906)	(52,228)	(27,906)
	<u>16,084</u>	<u>6,471</u>	<u>16,084</u>	<u>6,471</u>
Other Operating Income	916	15,391	916	15,391
Administrative Expenses	(5,984)	(5,881)	(5,984)	(5,881)
Finance Cost	(847)	(1,007)	(847)	(1,007)
Profit / (Loss) before taxation	<u>10,169</u>	<u>14,974</u>	<u>10,169</u>	<u>14,974</u>
Taxation	(3,887)	(1,180)	(3,887)	(1,180)
Profit / (Loss) for the period	<u><u>6,282</u></u>	<u><u>13,794</u></u>	<u><u>6,282</u></u>	<u><u>13,794</u></u>
Other comprehensive income:				
Currency translation differences	(57)	(2,067)	(57)	(2,067)
Total Comprehensive income for the period	<u><u>6,225</u></u>	<u><u>11,727</u></u>	<u><u>6,225</u></u>	<u><u>11,727</u></u>
Profit / (Loss) attributable to:				
Shareholders of the parent	3,876	13,456	3,876	13,456
Non-controlling interests	<u>2,406</u>	<u>338</u>	<u>2,406</u>	<u>338</u>
Profit / (Loss) for the period	<u><u>6,282</u></u>	<u><u>13,794</u></u>	<u><u>6,282</u></u>	<u><u>13,794</u></u>
Total comprehensive income / (expenses) attributable to:				
Shareholders of the parent	3,819	11,389	3,819	11,389
Non-controlling interests	<u>2,406</u>	<u>338</u>	<u>2,406</u>	<u>338</u>
Total Comprehensive income / (expenses) for the period	<u><u>6,225</u></u>	<u><u>11,727</u></u>	<u><u>6,225</u></u>	<u><u>11,727</u></u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.09	0.34	0.09	0.34
Diluted	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 2021)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	UNAUDITED AS AT 31.12.2021	AUDITED AS AT 30.09.2021
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	206,965	212,801
Right-of-use assets	3,081	4,822
Intangible assets	19,856	19,856
Deferred tax assets	6,197	7,950
	<u>236,099</u>	<u>245,429</u>
Current Assets		
Inventories	9,716	10,673
Trade and other receivables	32,946	32,895
Tax recoverable	1,509	2,138
Cash and cash equivalents	23,394	18,537
	<u>67,565</u>	<u>64,243</u>
TOTAL ASSETS	<u>303,664</u>	<u>309,672</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	238,293	238,293
Treasury shares	(4,192)	(4,192)
Reserves	(70,509)	(74,328)
Total equity attributable to shareholders of the parent	<u>163,592</u>	<u>159,773</u>
Non-controlling interests	14,755	11,859
Total equity	<u>178,347</u>	<u>171,632</u>
Non-current liabilities		
Long term borrowings	5,751	5,568
Other payables	3,127	2,173
Deferred tax liabilities	14,678	16,012
	<u>23,556</u>	<u>23,753</u>
Current Liabilities		
Short term borrowings	57,086	68,247
Trade & other payables	42,306	45,358
Taxation	2,369	682
	<u>101,761</u>	<u>114,287</u>
Total liabilities	<u>125,317</u>	<u>138,040</u>
TOTAL EQUITY AND LIABILITIES	<u>303,664</u>	<u>309,672</u>
Net assets per share (RM)	0.04	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 2021)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 December 2021

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	3 MONTHS ENDED	3 MONTHS ENDED
	31.12.2021	31.12.2020
	RM'000	RM'000
Profit / (Loss) before taxation	10,169	14,974
Adjustments for :-		
Non-operating items	2,129	(10,016)
Interest expenses	847	1,007
Interest income	(15)	(2)
Cash from operating activities before working capital changes	13,130	5,963
Net change in current assets	907	(1,829)
Net change in current liabilities	(1,291)	(4,666)
Tax (paid)/ refunded	(606)	214
Interest paid	(847)	(1,007)
Net cash generated from operating activities	11,293	(1,325)
Investing activities		
Purchase of property, plant and equipment	(9,278)	(2,312)
Proceeds from disposal of property, plant and equipment	14,725	-
Contribution of minority interests	490	-
Interest received	15	2
Net cash used in investing activities	5,952	(2,310)
Financing activities		
Repayment of bank borrowings	(8,795)	(548)
Net cash generated from financing activities	(8,795)	(548)
Net changes in cash and cash equivalents	8,450	(4,183)
Cash and cash equivalents at beginning of financial period	13,677	13,430
Effects of Exchange Rate Changes	57	(2,068)
Cash and cash equivalents at end of the financial period	22,184	7,179

Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	23,394	12,902
Bank overdraft	(1,210)	(5,723)
Cash and cash equivalents	22,184	7,179

(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 2021)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021

< ----- Attributable to Shareholders of the Parent ----- >

	Share capital	Warrant reserve	Treasury shares	Translation reserves	Capital reserves	Retained Profit	Non-Controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 MONTHS ENDED 31 DEC 2020								
At 1 October 2020	222,588	42,796	(4,192)	(14,289)	(10,728)	(109,145)	9,136	136,166
Expiry of Warrants B		(15,396)			15,396			-
Total comprehensive income for the period				(2,067)		13,456	338	11,727
At 31 December 2020	222,588	27,400	(4,192)	(16,356)	4,668	(95,689)	9,474	147,893
3 MONTHS ENDED 31 DEC 2021								
At 1 October 2021	238,293	27,400	(4,192)	(13,954)	4,668	(92,442)	11,859	171,632
Issuance of Redeemable Convertible Preference Shares in subsidiary							490	490
Total comprehensive income for the period				(57)		3,876	2,406	6,225
At 31 December 2021	238,293	27,400	(4,192)	(14,011)	4,668	(88,566)	14,755	178,347

(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 2021)

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 unaudited 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 2021.

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 2021.

A2. Auditors' report on preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 30 September 2021 was not qualified but contained a paragraph on material uncertainty related to going concern as follows:

“We draw attention to Note 4 to the financial statements, which indicate that the Group's current liabilities exceeded its current assets by RM 50,045,240 as at 30 September 2021. This event give rise to concerns about whether the Group has sufficient cash flows to meet its obligations for the next 12 months from the end of the reporting period and whether the use of going concern basis is appropriate.

In assessing the appropriateness of the use of the going concern assumption, management have considered the Group's cash flow forecast for the financial year ending 30 September 2022 as well as other factors enumerated in Note 4 to the financial statements.

In view of the above, barring any unforeseen circumstances, management has a reasonable expectation that the Group have adequate resources to continue as a going concern for the foreseeable future. Accordingly, the financial statements of the Group have been prepared on the going concern basis.

Our opinion is not modified in respect of this matter.”

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

Segmental information for the 3 months ended 31 December 2021

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Related Overheads RM'000	Group RM'000
Revenue				
External sales	30,868	37,444	-	68,312
Total revenue	30,868	37,444	-	68,312
Results				
Gross profit	5,323	10,761	-	16,084
Interest & other income	916	-	-	916
Administrative costs	(1,404)	(3,150)	(1,430)	(5,984)
Finance cost	(288)	(211)	(348)	(847)
Segment (loss)/profit before taxation	4,547	7,400	(1,778)	10,169

Segmental information for the 3 months ended 31 December 2020

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Related Overheads RM'000	Group RM'000
Revenue				
External sales	21,491	12,886	-	34,377
Total revenue	21,491	12,886	-	34,377
Results				
Gross profit	1,860	4,611	-	6,471
Interest & other income	592	-	14,799	15,391
Administrative costs	(1,094)	(3,608)	(1,179)	(5,881)
Finance cost	(235)	(232)	(540)	(1,007)
Segment (loss)/profit before taxation	1,123	771	13,080	14,974

A9. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2021 RM '000	Preceding Year Quarter Ended 31.12.2020 RM '000	Current Year To Date 31.12.2021 RM '000	Preceding Year To Date 31.12.2020 RM '000
Interest income	15	2	15	2
Other income	902	14,979	902	14,979
Foreign exchange gains/(losses) (net)	(28)	412	129	412
Depreciation and amortisation	(5,365)	(4,484)	(5,365)	(4,484)

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. Subsequent to quarter end, on 7 January 2022, the Group completed its acquisition of 75% in Absolute Privilege Sdn Bhd.

A13. Changes in contingent liabilities or contingent assets

The contingent liabilities of the Company are as follows:

	RM'000
Corporate Guarantees given to financial institutions and third parties for credit facilities provided to subsidiaries	<u>32,488</u>

A14. Related Party Transactions

	3 Months Ended 31.12.2021 RM'000	3 Months Ended 31.12.2020 RM'000	3 Months Ended 31.12.2021 RM'000	3 Months Ended 31.12.2020 RM'000
A Company in which a director is also the key management personnel:				
Rental of premises	<u>129</u>	<u>104</u>	<u>129</u>	<u>104</u>
Person connected to a director of a subsidiary:				
Rental of premises	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>
Shareholder of a subsidiary:				
Sales	(133)	(95)	(133)	(95)
Helicopter/ aircraft charter fees	<u>2,472</u>	<u>1,231</u>	<u>2,472</u>	<u>1,231</u>

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

	INDIVIDUAL QUARTER			CUMULATIVE		
	Current Year Quarter 31.12.2021 RM '000	Preceding Year Quarter 31.12.2020 RM '000	Changes RM '000	Current Year To Date 31.12.2021 RM '000	Preceding Year To Date 31.12.2020 RM '000	Changes RM '000
Revenue	68,312	34,377	33,935	68,312	34,377	33,935
Operating Profit	16,084	6,471	9,613	16,084	6,471	9,613
(Loss)/Profit before Interest, Tax, Depreciation, and Amortisation (EBITDA)	15,631	20,494	(4,863)	15,631	20,494	(4,863)
Profit/(Loss) Before Tax	10,169	14,974	(4,805)	10,169	14,974	(4,805)
Profit/(Loss) After Tax	6,282	13,794	(7,512)	6,282	13,794	(7,512)

- Group revenue for the quarter ended 31 December 2021 was RM 68.31 million which was almost double compared to the corresponding period of the previous year. The improvement of RM 33.94 million were contributed as follows:
 - The dry bulk segment contributed RM 30.87 million in revenue during the current quarter, an increase of RM 9.38 million when compared to the same quarter last year. This is predominantly due to the increased freight rates that drove the dry bulk revenue contribution higher.
 - The aviation segment contributed RM 37.44 million in revenue during the current quarter, an increase of RM 24.56 million from the same quarter last year. This sizable contribution was mainly due to more contracts obtained and fulfilled during the quarter.
- Operating profit for the current quarter was higher compared to the corresponding period of the previous year. The gross profit margin for the dry bulk segment had improved due to freight rates increasing to a higher level compared to the costs associated with each shipment. Likewise, the gross profit margin of the aviation segment had also improved.
- The Group's EBITDA for the current quarter was RM 15.63 million compared to RM 20.49 million in the same quarter. In the same quarter of the previous year, the Group's main contributor to profit before tax was the gain of RM 14.5 million from the disposal of a subsidiary. The decrease in EBITDA is in line with the decrease in profits before tax.
- The Group's profit before tax for the current quarter was RM 10.17 million compared to RM 14.97 million from the same quarter last year. The inclusion of RM 14.5 million gain on disposal of subsidiary in the same quarter last year propelled the profit before tax for that quarter.

B2. Comparison with preceding quarter's results

	Current Year Quarter 31.12.2021 RM '000	Immediate Preceding Quarter 30.09.2021 RM '000	Changes Amount RM '000
Revenue	68,312	46,797	21,515
Operating Profit	16,084	10,904	5,180
Profit /(Loss) before Interest, Tax, Depreciation, and Amortisation (EBITDA)	15,631	13,385	2,246
Profit /(Loss) Before Tax	10,169	4,207	5,962
Profit /(Loss) Profit After Tax	6,282	4,531	1,751

- While overall revenue had increased by RM 21.5 million during the December 2021 quarter, the contribution between segments differed as follows:
 - The dry bulk business contributed a total of RM 30.87 million in revenue compared to RM 33.18 million in the preceding quarter. The number of voyages performed during the quarter had decreased from 69 to 63 and this was mainly due to the typhoon season during the quarter which resulted in our vessel sets having to ply at slower speed and therefore not able to complete as many shipments.
 - The aviation segment contributed a total RM 37.44 million in revenue compared to RM 13.62 million in the preceding quarter. As mentioned above, this increase is due to more contracts obtained and fulfilled during the quarter.
- The improvement in operating profits in the current quarter when compared to the preceding quarter was in line with the improved revenue contributions.
- As overall administrative expenses was maintained between the two quarters, EBITDA in the current quarter showed an improvement of approximately RM 2.25 million.

B3. Commentary on Prospects

The Group's dry bulk business performance is expected to remain encouraging for the current financial year. Freight rates appear to continue its upward trend and shipment orders have been promising. We do, however expect the number of shipments to decrease in the next quarter due to Indonesia's ban on coal exports for one month in January 2022, however the Group will work towards catching up on lost time and expect sales to be temporarily affected.

Within the aviation segment, we are expecting higher sales from fixed wing and helicopter charters with our business now being able to operate at full capacity again. We are optimistic that this will improve the results for our general aviation business. However, our Flying Academy is only expecting two intakes in the coming year and classes are expected to be smaller. We have commenced one intake in December 2021 at half class capacity and our next intake will start later in the year.

B4. Profit Forecast / 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 31.12.2021 RM'000	3 Months Ended 31.12.2020 RM'000	3 Months Ended 31.12.2021 RM'000	3 Months Ended 31.12.2020 RM'000
Income tax charge				
- current period	(3,468)	(745)	(3,468)	(745)
Deferred taxation	(419)	(435)	(419)	(435)
	<u>(3,887)</u>	<u>(1,180)</u>	<u>(3,887)</u>	<u>(1,180)</u>

Domestic current income tax is calculated at the statutory tax rate of 24% (2019: 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 which were pending completion as at 15 February 2021, 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")

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 21 February 2022, the status of the utilisation of the gross proceeds received from the RCN is as follows:

Purpose	Approved Amount RM'000	Drawdown & 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
TOTAL	200,000	6,000			

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 drawn down, 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 st quarter ended 31 December 2021						
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)
Overdraft		1,210				1,210
Invoice Financing	13,478	6,617			13,478	6,617
Revolving Credit		34,800				34,800
Term Loan		698		5,485		6,183
Hire Purchase		283		266		549
Total	13,478	43,608		5,751	13,478	49,359
Grand Total	57,086		5,751		62,837	

^ Loan is denominated in USD. As at 31 December 2021, the total balance outstanding was USD 3.236 million. Exchange rate used to convert to RM was 4.1650.

As at 1 st quarter ended 31 December 2020						
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)
Overdraft		5,723				5,723
Invoice Financing		20,403				20,403
Revolving Credit		40,650				40,650
Term Loan	8,147	910		2,617	8,147	3,527
Hire Purchase		406		538		944
Total	8,147	68,092		3,155	8,147	71,247
Grand Total	76,239		3,155		79,394	

^ Loan is denominated in USD. As at 31 December 2020, the total balance outstanding was USD 2.028 million. Exchange rate used to convert to RM was 4.0170.

Borrowings decreased by RM 16.56 million from RM 79.39 million on 31 December 2020 compared to RM 62.84 million this quarter. The decrease was due to the settlement of the USD term loan facility and the continued reduction in container segment borrowings that the Group still carries.

The average weighted interest rate of borrowings for the Group is 6.08% 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 31.12.2021	Quarter Ended 31.12.2020	Year to Date ended 31.12.2021	Year to Date ended 31.12.2020
Net profit / (loss) attributable to equity holders of the parent (RM'000)	3,876	13,456	3,876	13,456
Weighted average no. of ordinary shares ('000)	4,289,285	3,899,350	4,289,285	3,899,350
Basic earnings per share attributable to equity holders of the parent (sen)	0.09	0.34	0.09	0.34

(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 25 February 2022.