

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 March 2022

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2022**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.03.2022 RM '000	Preceding Year Quarter Ended 31.03.2021 RM '000	Current Year To Date 31.03.2022 RM '000	Preceding Year To Date 31.03.2021 RM '000
Revenue	46,784	35,510	115,096	69,887
Operating Expenses	(37,819)	(29,343)	(90,048)	(57,208)
	8,965	6,167	25,048	12,679
Other Operating Income	2,164	1,965	3,081	17,003
Administrative Expenses	(5,210)	(6,277)	(11,195)	(11,846)
Finance Cost	(1,007)	(1,253)	(1,853)	(2,260)
Profit / (Loss) before taxation	4,912	602	15,081	15,576
Taxation	(1,508)	(906)	(5,395)	(2,085)
Profit / (Loss) for the period	3,404	(304)	9,686	13,491
Other comprehensive income:				
Currency translation differences	416	1,943	359	(125)
Total Comprehensive income for the period	3,820	1,639	10,045	13,366
Profit / (Loss) attributable to:				
Shareholders of the parent	2,484	(508)	6,359	12,949
Non-controlling interests	920	204	3,327	542
Profit / (Loss) for the period	3,404	(304)	9,686	13,491
Total comprehensive income / (expenses) attributable to:				
Shareholders of the parent	2,900	1,435	6,718	12,824
Non-controlling interests	920	204	3,327	542
Total Comprehensive income / (expenses) for the period	3,820	1,639	10,045	13,366
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.06	-0.01	0.15	0.32
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 March 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.03.2022	30.09.2021
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	242,665	212,801
Right-of-use assets	3,615	4,822
Intangible assets	19,856	19,856
Deferred tax assets	6,208	7,950
	<u>272,344</u>	<u>245,429</u>
Current Assets		
Inventories	12,149	10,673
Trade and other receivables	23,702	32,895
Tax recoverable	2,584	2,138
Cash and cash equivalents	31,486	18,537
	<u>69,921</u>	<u>64,243</u>
TOTAL ASSETS	<u>342,265</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	(67,610)	(74,328)
Total equity attributable to shareholders of the parent	<u>166,491</u>	<u>159,773</u>
Non-controlling interests	20,504	11,859
Total equity	<u>186,995</u>	<u>171,632</u>
Non-current liabilities		
Long term borrowings	19,446	5,568
Other payables	3,489	2,173
Deferred tax liabilities	15,412	16,012
	<u>38,347</u>	<u>23,753</u>
Current Liabilities		
Short term borrowings	59,496	68,247
Trade & other payables	54,346	45,358
Taxation	3,081	682
	<u>116,923</u>	<u>114,287</u>
Total liabilities	<u>155,270</u>	<u>138,040</u>
TOTAL EQUITY AND LIABILITIES	<u>342,265</u>	<u>309,672</u>
Net assets per share (RM)	0.04	0.04

(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 March 2022

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2022**

	6 MONTHS ENDED	6 MONTHS ENDED
	31.03.2022	31.03.2021
	RM'000	RM'000
Profit before taxation	15,081	15,576
Adjustments for:-		
Non-operating items	8,042	11,338
Interest expenses	1,853	2,260
Interest income	(301)	(6)
Cash from operating activities before working capital changes	24,675	29,168
Net change in current assets	7,270	(5,417)
Net change in current liabilities	6,314	(21,643)
Tax (paid)/ refunded	(1,779)	(1,246)
Interest paid	(1,853)	(2,260)
Net cash generated from operating activities	34,627	(1,398)
Investing activities		
Purchase of property, plant and equipment	(40,218)	(3,573)
Proceeds from disposal of property, plant and equipment	14,725	255
Contribution of minority interests	5,318	-
Interest received	301	6
Net cash used in investing activities	(19,874)	(3,312)
Financing activities		
Proceeds from bank borrowings	-	3,767
Repayment of bank borrowings	(5,457)	(2,600)
Proceeds from capital raising exercises	-	10,979
Expenses relating to capital raising	-	(211)
Net cash generated from financing activities	(5,457)	11,935
Net changes in cash and cash equivalents	9,296	7,225
Cash and cash equivalents at beginning of financial period	13,677	13,430
Effects of Exchange Rate Changes	3,049	(4,561)
Cash and cash equivalents at end of the financial period	26,022	16,094

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

Cash and bank balances	31,486	20,140
Bank overdraft	(5,464)	(4,046)
Cash and cash equivalents	26,022	16,094

(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)

HUBLINE BERHAD
Registration No. 197501001462 (23568-H)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2022

	< ----- 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
6 MONTHS ENDED 31 MAR 2021								
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			-
Private Placement	10,979							10,979
Total comprehensive income for the period				(125)		12,949	542	13,366
At 31 March 2021	<u>233,567</u>	<u>27,400</u>	<u>(4,192)</u>	<u>(14,414)</u>	<u>4,668</u>	<u>(96,196)</u>	<u>9,678</u>	<u>160,511</u>
6 MONTHS ENDED 31 MAR 2022								
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
Non-Controlling Interests on acquisition							4,828	4,828
Total comprehensive income for the period				359		6,359	3,327	10,045
At 31 March 2022	<u>238,293</u>	<u>27,400</u>	<u>(4,192)</u>	<u>(13,595)</u>	<u>4,668</u>	<u>(86,083)</u>	<u>20,504</u>	<u>186,995</u>

(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 6 months ended 31 March 2022

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Related Overheads RM'000	Group RM'000
Revenue				
External sales	60,894	54,202	-	115,096
Total revenue	60,894	54,202	-	115,096
Results				
Gross profit	10,646	14,402	-	25,048
Interest & other income	1,931	856	294	3,081
Administrative costs	(3,052)	(5,533)	(2,610)	(11,195)
Finance cost	(427)	(413)	(1,013)	(1,853)
Segment (loss)/profit before taxation	9,098	9,312	(3,329)	15,081

Segmental information for the 6 months ended 31 March 2021

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Related Overheads RM'000	Group RM'000
Revenue				
External sales	44,723	25,164	-	69,887
Total revenue	44,723	25,164	-	69,887
Results				
Gross profit	3,548	9,131	-	12,679
Interest & other income	1,438	-	15,565	17,003
Administrative costs	(2,078)	(7,320)	(2,448)	(11,846)
Finance cost	(602)	(514)	(1,144)	(2,260)
Segment profit before taxation	2,306	1,297	11,973	15,576

A9. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.03.2022 RM '000	Preceding Year Quarter Ended 31.03.2021 RM '000	Current Year To Date 31.03.2022 RM '000	Preceding Year To Date 31.03.2021 RM '000
Interest income	287	4	301	6
Other income	1,877	1,960	2,779	16,937
Foreign exchange gains/(losses) (net)	(4)	(353)	(32)	59
Depreciation and amortisation	(5,910)	(5,467)	(11,275)	(9,107)

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 except that the Group completed its acquisition of 75% in Absolute Privilege Sdn Bhd on 7 January 2022.

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>37,566</u>

A14. Related Party Transactions

	3 Months Ended 31.03.2022 RM'000	3 Months Ended 31.03.2021 RM'000	6 Months Ended 31.03.2022 RM'000	6 Months Ended 31.03.2021 RM'000
A Company in which a director is also a director and substantial shareholder:				
Sales	<u>(84)</u>	-	<u>(84)</u>	-
A Company in which a director is also the key management personnel:				
Rental of premises	<u>129</u>	103	258	206
Person connected to a director of a subsidiary:				
Rental of premises	<u>27</u>	27	54	54
Shareholder of a subsidiary:				
Sales	(134)	(521)	(267)	(616)
Helicopter charter fees	<u>3,449</u>	2,088	5,921	3,319

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

	INDIVIDUAL QUARTER			CUMULATIVE		
	Current Year Quarter 31.03.2022 RM '000	Preceding Year Quarter 31.03.2021 RM '000	Changes RM '000	Current Year To Date 31.03.2022 RM '000	Preceding Year To Date 31.03.2021 RM '000	Changes RM '000
Revenue	46,784	35,510	11,274	115,096	69,887	45,209
Operating Profit	8,965	6,167	2,798	25,048	12,679	12,369
Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA)	11,829	6,479	5,350	28,210	26,943	1,267
Profit Before Tax	4,912	602	4,310	15,081	15,576	(495)
Profit/(Loss) After Tax	3,404	(304)	3,708	9,686	13,491	(3,805)

- Group revenue for the quarter ended 31 March 2022 was RM 46.78 million compared to RM 35.51 million in the same quarter of the preceding year. The improvement of RM 11.27 million were contributed as follows:
 - The dry bulk shipping segment contributed RM 30.03 million in revenue during the current quarter. This is an increase of RM 6.79 million when compared to the same quarter last year due to significant increase in freight rates. The number of shipments completed in the current quarter was lower compared to the same quarter of the preceding year due to the ban on exports of coal by Indonesian in the month of January 2022.
 - The aviation segment contributed RM 16.76 million in revenue during the current quarter, an increase of RM 4.48 million from the same quarter last year. The increase in revenue was mainly due to performance of new and existing contracts.
- Operating profit and EBITDA for the current quarter was higher compared to the corresponding period of the previous year. The profit margin for the dry bulk shipping segment had improved due to better freight rates while managing to keep the costs associated with each shipment from increasing at the same pace. Likewise, the profit margin of the aviation segment had also improved.
- The Group's profit before tax for the current quarter was RM 4.91 million compared to RM 0.60 million in the same quarter last year. Both business segments reported improved profits before tax in the current year from increased revenue on the back of maintaining costs at an acceptable level.

B2. Comparison with preceding quarter's results

	Current Year Quarter 31.03.2022 RM '000	Immediate Preceding Quarter 31.12.2021 RM '000	Changes Amount RM '000
Revenue	46,784	68,312	(21,528)
Operating Profit	8,965	16,084	(7,119)
Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA)	11,829	15,631	(3,802)
Profit Before Tax	4,912	10,169	(5,257)
Profit After Tax	3,404	6,282	(2,878)

- Overall revenue had fallen by RM 21.53 million during the March 2022 quarter, the breakdown as follows:
 - Revenue contribution by the dry bulk business was RM 30.03 million compared to RM 30.87 million in the preceding quarter. There was a marginal decrease in revenue in the current quarter due to the ban of coal exports by Indonesia in January 2022 which resulted in lesser number of voyages performed. However despite this, the notable increase in freight rates during the quarter managed to cushion the gap and mitigate the impact of the decrease in revenue.
 - Revenue contribution by the aviation segment was RM 16.76 million compared to RM 37.44 million in the preceding quarter. This decrease was due to less contracts obtained and performed during the current quarter.
- Due to the drop in revenue, operating profits in the current quarter had also correspondingly fallen in line with the reduced revenue contributions.

B3. Commentary on Prospects

The Group's dry bulk shipping segment business performance is expected to remain encouraging for the current financial year. Freight rates are expected to maintain its elevated level whilst shipment orders continue to be promising. The Group will strive to continuously maximize our fleet in the current favorable climate.

For the aviation segment, as the economy reopens, we are cautiously optimistic that there will be higher demand for our services in general aviation business as evidenced by the commencement of new contracts in 2022. The flying academy continues to face challenges in the short term although we expect demand for student intake to improve in the medium term.

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 31.03.2022 RM'000	3 Months Ended 31.03.2021 RM'000	6 Months Ended 31.03.2022 RM'000	6 Months Ended 31.03.2021 RM'000
Income tax charge				
- current period	(786)	(537)	(4,254)	(1,281)
Deferred taxation	(722)	(369)	(1,141)	(804)
	<u>(1,508)</u>	<u>(906)</u>	<u>(5,395)</u>	<u>(2,085)</u>

Domestic current income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

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 18 May 2022, being the latest practical date, which is not earlier than 7 days from the date of issue of this report.

HUBLINE BERHAD
Registration No. 197501001462 (23568-H)

(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 18 May 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 2 nd quarter ended 31 March 2022					
	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		5,464				5,464
Invoice Financing	13,285	7,597			13,285	7,597
Revolving Credit		31,800				31,800
Term Loan		1,105		19,200		20,305
Hire Purchase		245		246		491
Total	13,285	46,211		19,446	13,285	65,657
Grand Total	59,496		19,446		78,942	

[^] Borrowing is denominated in USD. As at 31 March 2022, the total balance outstanding was USD 3.159 million. Exchange rate used to convert to RM was 4.2060.

	As at 2 nd quarter ended 31 March 2021					
	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		4,046				4,046
Invoice Financing		20,293				20,293
Revolving Credit		35,200				35,200
Term Loan	8,409	1,747		10,132	8,409	11,879
Hire Purchase		375		478		853
Total	8,409	61,661		10,610	8,409	72,271
Grand Total		70,070		10,610		80,680

[^] Borrowing is denominated in USD. As at 31 March 2021, the total balance outstanding was USD 2.028 million. Exchange rate used to convert to RM was 4.1460.

Borrowings decreased by RM 1.74 million from RM 80.68 million on 31 March 2021 to RM 78.94 million this quarter. The decrease was mainly due to the settlement of the USD term loan facility in the previous quarter. Term loans had increase from RM 11.88 million to RM 20.30 million as a result of the consolidation of a newly acquired subsidiary this quarter.

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 31.03.2022	Quarter Ended 31.03.2021	Year to Date ended 31.03.2022	Year to Date ended 31.03.2021
Net profit / (loss) attributable to equity holders of the parent (RM'000)	2,484	(508)	6,359	12,949
Weighted average no. of ordinary shares ('000)	4,289,285	3,937,108	4,289,285	4,039,719
Basic earnings per share attributable to equity holders of the parent (sen)	0.06	-0.01	0.15	0.32

(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 24 May 2022.