

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 30 June 2022

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2022**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.2022 RM '000	Preceding Year Quarter Ended 30.06.2021 RM '000	Current Year To Date 30.06.2022 RM '000	Preceding Year To Date 30.06.2021 RM '000
Revenue	59,663	40,462	174,759	110,350
Operating Expenses	(48,669)	(34,326)	(138,715)	(94,347)
	10,994	6,136	36,044	16,003
Other Operating Income	2,886	1,283	5,966	18,286
Administrative Expenses	(7,452)	(4,826)	(18,647)	(13,860)
Finance Cost	(933)	(1,121)	(2,787)	(3,381)
Profit / (Loss) before taxation	5,495	1,472	20,576	17,048
Taxation	(2,875)	(937)	(8,270)	(3,023)
Profit / (Loss) for the period	2,620	535	12,306	14,025
Other comprehensive income:				
Currency translation differences	2,189	115	2,548	(10)
Total Comprehensive income for the period	4,809	650	14,854	14,015
Profit / (Loss) attributable to:				
Shareholders of the parent	3,013	(205)	9,372	12,743
Non-controlling interests	(393)	740	2,934	1,282
Profit / (Loss) for the period	2,620	535	12,306	14,025
Total comprehensive income / (expenses) attributable to:				
Shareholders of the parent	5,202	(90)	11,920	12,733
Non-controlling interests	(393)	740	2,934	1,282
Total Comprehensive income / (expenses) for the period	4,809	650	14,854	14,015
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.07	-0.01	0.22	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 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	UNAUDITED	AUDITED
	AS AT	AS AT
	30.06.2022	30.09.2021
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	208,979	212,801
Right-of-use assets	3,494	4,822
Leasehold land	35,858	-
Intangible assets	19,856	19,856
Deferred tax assets	6,080	7,950
	<u>274,267</u>	<u>245,429</u>
Current Assets		
Inventories	15,326	10,673
Trade and other receivables	22,022	32,895
Tax recoverable	3,403	2,138
Cash and cash equivalents	26,649	18,537
	<u>67,400</u>	<u>64,243</u>
TOTAL ASSETS	<u>341,667</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	(62,408)	(74,328)
Total equity attributable to shareholders of the parent	<u>171,693</u>	<u>159,773</u>
Non-controlling interests	20,111	11,859
Total equity	<u>191,804</u>	<u>171,632</u>
Non-current liabilities		
Long term borrowings	18,274	5,568
Other payables	3,307	2,173
Deferred tax liabilities	15,688	16,012
	<u>37,269</u>	<u>23,753</u>
Current Liabilities		
Short term borrowings	58,662	68,247
Trade & other payables	48,826	45,358
Taxation	5,106	682
	<u>112,594</u>	<u>114,287</u>
Total liabilities	<u>149,863</u>	<u>138,040</u>
TOTAL EQUITY AND LIABILITIES	<u>341,667</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 30 June 2022

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2022**

	9 MONTHS ENDED	9 MONTHS ENDED
	30.06.2022	30.06.2021
	RM'000	RM'000
Profit before taxation	20,576	17,048
Adjustments for:-		
Non-operating items	14,121	17,895
Interest expenses	2,787	3,381
Interest income	(329)	(22)
Cash from operating activities before working capital changes	37,155	38,302
Net change in current assets	4,955	(3,310)
Net change in current liabilities	5,326	(28,308)
Tax (paid)/ refunded	(3,009)	(1,904)
Interest paid	(2,787)	(3,381)
Net cash generated from operating activities	41,640	1,399
Investing activities		
Purchase of property, plant and equipment	(49,144)	(5,432)
Proceeds from disposal of property, plant and equipment	14,955	255
Contribution of minority interests	5,318	-
Interest received	329	22
Net cash used in investing activities	(28,542)	(5,155)
Financing activities		
Proceeds from bank borrowings	-	9,243
Repayment of bank borrowings	(8,116)	(12,689)
Proceeds from capital raising exercises	-	10,979
Expenses relating to capital raising	-	(211)
Net cash generated from financing activities	(8,116)	7,322
Net changes in cash and cash equivalents	4,982	3,566
Cash and cash equivalents at beginning of financial period	13,677	13,430
Effects of Exchange Rate Changes	5,310	(4,624)
Cash and cash equivalents at end of the financial period	23,969	12,372

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

Cash and bank balances	26,649	16,570
Bank overdraft	(2,680)	(4,198)
Cash and cash equivalents	23,969	12,372

(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)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

	< ----- 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
9 MONTHS ENDED 30 JUN 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				(10)		12,743	1,282	14,015
At 30 June 2021	<u>233,567</u>	<u>27,400</u>	<u>(4,192)</u>	<u>(14,299)</u>	<u>4,668</u>	<u>(96,402)</u>	<u>10,418</u>	<u>161,160</u>
9 MONTHS ENDED 30 JUN 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				2,548		9,372	2,934	14,854
At 30 June 2022	<u>238,293</u>	<u>27,400</u>	<u>(4,192)</u>	<u>(11,406)</u>	<u>4,668</u>	<u>(83,070)</u>	<u>20,111</u>	<u>191,804</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 – MFRS 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 9 months ended 30 June 2022

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Related Overheads RM'000	Group RM'000
Revenue				
External sales	103,110	71,649	-	174,759
Total revenue	103,110	71,649	-	174,759
Results				
Gross profit	15,375	20,669	-	36,044
Interest & other income	4,645	961	360	5,966
Administrative costs	(4,664)	(9,348)	(4,635)	(18,647)
Finance cost	(609)	(709)	(1,469)	(2,787)
Segment (loss)/profit before taxation	14,747	11,573	(5,744)	20,576

Segmental information for the 9 months ended 30 June 2021

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Related Overheads RM'000	Group RM'000
Revenue				
External sales	70,891	39,459	-	110,350
Total revenue	70,891	39,459	-	110,350
Results				
Gross profit	6,172	9,831	-	16,003
Interest & other income	2,280	-	16,006	18,286
Administrative costs	(3,720)	(6,582)	(3,558)	(13,860)
Finance cost	(968)	(816)	(1,597)	(3,381)
Segment profit before taxation	3,764	2,433	10,851	17,048

A9. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 30.06.2022 RM '000	Preceding Year Quarter Ended 30.06.2021 RM '000	Current Year To Date 30.06.2022 RM '000	Preceding Year To Date 30.06.2021 RM '000
Interest income	28	15	329	22
Other income	2,858	1,268	5,966	18,264
Foreign exchange gains/(losses) (net)	(155)	(530)	(187)	(471)
Depreciation and amortisation	(5,980)	(4,733)	(17,255)	(13,840)

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:

	RM'000
Corporate Guarantees given to financial institutions and third parties for credit facilities provided to subsidiaries	37,126
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A14. Capital commitments

	RM'000
Amount approved and committed	18,157
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A15. Related Party Transactions

	3 Months Ended 30.06.2022 RM'000	3 Months Ended 30.06.2021 RM'000	9 Months Ended 30.06.2022 RM'000	9 Months Ended 30.06.2021 RM'000
A Company in which a director is also a director and substantial shareholder:				
Sales	(8)	-	(210)	-
<hr/>				
A Company in which a director is also the key management personnel:				
Rental of premises	129	103	387	309
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Person connected to a director of a subsidiary:				
Rental of premises	27	27	81	81
Student food catering	218	139	447	454
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Shareholder of a subsidiary:				
Sales	(103)	(127)	(419)	(1,365)
Helicopter charter fees	2,974	2,651	8,899	6,569
Transportation charges	9	-	41	-
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B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

	INDIVIDUAL QUARTER			CUMULATIVE		
	Current Year Quarter 30.06.2022 RM '000	Preceding Year Quarter 30.06.2021 RM '000	Changes RM '000	Current Year To Date 30.06.2022 RM '000	Preceding Year To Date 30.06.2021 RM '000	Changes RM '000
Revenue	59,663	40,462	19,201	174,759	110,350	64,409
Operating Profit	10,994	6,136	4,858	36,044	16,003	20,041
Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA)	12,407	7,325	5,082	40,617	34,269	6,348
Profit Before Tax (PBT)	5,495	1,472	4,023	20,576	17,048	3,528
Profit/(Loss) After Tax (PAT)	2,620	535	2,085	12,306	14,025	(1,719)

- Group revenue for the quarter ended 30 June 2022 was RM 59.66 million compared to RM 40.46 million in the same quarter of the preceding year. The improvement of RM 19.20 million were contributed as follows:
 - The dry bulk shipping segment contributed RM 42.22 million in revenue during the current quarter. This is an increase of RM 16.05 million when compared to the same quarter last year due to significant increase in freight rates. This increase in revenue is despite the number of shipments completed in the current year quarter being lower when compared to the same quarter of the preceding year due to more dockings for maintenance works in the current year quarter.
 - The aviation segment contributed RM 17.45 million in revenue during the current quarter, an increase of RM 3.15 million from the same quarter last year. The increase in revenue was mainly due to increased demand for aircraft chartering as well as commencement of contracts secured during the current financial year.
- Operating profit and EBITDA for the current year quarter was higher compared to the corresponding period of the previous year. Operating profit had increased from RM 6.14 million in the corresponding period of the previous year to RM 10.99 million in the current year quarter under review while EBITDA had increased from RM 7.33 million in the corresponding period of the previous year to RM 12.41 million in the current year quarter under review. Operating profit and EBITDA margin improved in the current year due to effective management of volatile shipping freight rates as well as execution of aviation contracts at better margins.
- The Group's PBT for the current year quarter was RM 5.50 million compared to RM 1.47 million in the same quarter last year. For the current year to date, the Group's PBT was RM 20.57 million compared to RM 17.05 million in the preceding year. In terms of operating segments, the dry bulk shipping segment had achieved RM 14.75 million in PBT in the current year compared to RM 3.76 million in the previous year while the aviation segment achieved RM 11.57 million in PBT in the current year compared to RM 2.43 million in the previous year.
- The Group's PAT declined despite improvement in PBT due to losses incurred by certain subsidiaries within the Group.

B2. Comparison with preceding quarter's results

	Current Year Quarter 30.06.2022 RM '000	Immediate Preceding Quarter 31.03.2022 RM '000	Changes Amount RM '000
Revenue	59,663	46,784	12,879
Operating Profit	10,994	8,965	2,029
Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA)	12,407	11,829	578
Profit Before Tax (PBT)	5,495	4,912	583
Profit After Tax (PAT)	2,620	3,404	(784)

- Overall revenue had improved by RM 12.88 million during the June 2022 quarter from RM 46.78 million to RM 59.66 million. The breakdown of revenue are as follows:
 - Revenue contribution by the dry bulk business was RM 42.22 million compared to RM 30.03 million in the preceding quarter, an increase of RM 12.19 million. The increase in revenue in the current quarter was due to improvements in freight rates secured since last quarter.
 - Revenue contribution by the aviation segment was RM 17.45 million compared to RM 16.76 million in the preceding quarter. This increase was due to increase in flying doctor services, emergency medical services and aircraft chartering activities during the current quarter.
- EBITDA had improved by RM 0.58 million from RM 11.83 million in the preceding quarter to RM 12.41 million in the current quarter. The improvement in EBITDA was contributed by the dry bulk shipping business which had improved by RM 1.26 million from RM 8.58 million in the preceding quarter to RM 9.85 million in the current quarter while EBITDA of the aviation segment fell by RM 0.48 million.

B3. Commentary on Prospects

The Group's dry bulk shipping segment business performance is expected to remain encouraging for the next quarter despite downward pressure on shipping freight rates. The Group will strive to continuously maximize our fleet in the current favorable climate. The Group expects its current performance to remain satisfactory for the rest of the financial year 2022.

For the aviation segment, we remain cautiously optimistic that this business segment will continue to perform well. The Group will continue to participate in bidding for new aviation contracts. The flying academy continues to face challenges as student intake remain slow as a result of the impact of COVID-19.

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 30.06.2022 RM'000	3 Months Ended 30.06.2021 RM'000	9 Months Ended 30.06.2022 RM'000	9 Months Ended 30.06.2021 RM'000
Income tax charge				
- current period	(2,470)	(877)	(6,724)	(2,159)
Deferred taxation	(405)	(60)	(1,546)	(864)
	<u>(2,875)</u>	<u>(937)</u>	<u>(8,270)</u>	<u>(3,023)</u>

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

The high effective tax rates as reported for the nine months ended 30 June 2022 were due to losses incurred by certain subsidiaries.

B6. Status of corporate proposals

Save for the following, there were no other corporate proposals announced by the Company which were pending completion as at 24 August 2022, 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 24 August 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 A	Note A
(ii) Capital expenditure (acquisition of tugs, barges and vessels)	95,000	-	Within 5 years of drawdown	Note A	Note A
(iii) Working capital	25,000	624	Within 5 years of drawdown	Note A	Note A
(iv) Estimated expenses in relation to RCN	10,000	927	Within 1 month of drawdown	Note A	Note A
TOTAL	200,000	6,000			

Note A: 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.

B7. Group borrowings and debt securities

	As at 3 rd quarter ended 30 June 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		2,680				2,680
Invoice Financing	14,518	8,943			14,518	8,943
Revolving Credit		30,000				30,000
Term Loan		2,305		17,808		20,113
Hire Purchase		216		466		682
Total	14,518	44,144		18,274	14,518	62,418
Grand Total	58,662		18,274		76,936	

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[^] Borrowing is denominated in USD. As at 30 June 2022, the total balance outstanding was USD 3.294 million. Exchange rate used to convert to RM was 4.4080.

	As at 3 rd quarter ended 30 June 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		4,198				4,198
Invoice Financing		23,941				23,941
Revolving Credit		33,400				33,400
Term Loan	4,210	1,747		9,805	4,210	11,552
Hire Purchase		294		495		789
Total	4,210	63,580		10,300	4,210	73,880
Grand Total		67,790		10,300		78,090

[^] Borrowing is denominated in USD. As at 30 June 2021, the total balance outstanding was USD 1.014 million. Exchange rate used to convert to RM was 4.1520.

Borrowings decreased by RM 1.15 million from RM 78.09 million on 30 June 2021 to RM 76.94 million this quarter. The decrease was mainly due to the reduction in our short term borrowings with the reduced usage of our overdraft, invoice financing and revolving credit facilities. Term loans had increase from RM 15.76 million to RM 20.11 million as a result of the consolidation of a newly acquired subsidiary during the last quarter.

The average weighted interest rate of borrowings for the Group is 5.50% 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.

B8. Derivatives

There were no derivatives entered into by the Group as at the end of the quarter under review.

B9. Gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from the fair value changes of financial liabilities.

B10. 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.

B11. Dividend declared

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

B12. Earnings per share

(a) Basic

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30.06.2022	Quarter Ended 30.06.2021	Year to Date ended 30.06.2022	Year to Date ended 30.06.2021
Net profit / (loss) attributable to equity holders of the parent (RM'000)	3,013	(205)	9,372	12,743
Weighted average no. of ordinary shares ('000)	4,289,285	4,160,750	4,289,285	4,039,719
Basic earnings per share attributable to equity holders of the parent (sen)	0.07	-0.01	0.22	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.

B13. 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 30 August 2022.