

QUARTERLY REPORT

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

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2022 RM '000	Preceding Year Quarter Ended 31.12.2021 RM '000	Current Year To Date 31.12.2022 RM '000	Preceding Year To Date 31.12.2021 RM '000
Revenue	75,635	68,312	75,635	68,312
Operating Expenses	(59,309)	(52,228)	(59,309)	(52,228)
	16,326	16,084	16,326	16,084
Other Operating Income	974	916	974	916
Administrative Expenses	(9,836)	(5,984)	(9,836)	(5,984)
Finance Cost	(1,259)	(847)	(1,259)	(847)
Profit / (Loss) before taxation	6,205	10,169	6,205	10,169
Taxation	(2,576)	(3,887)	(2,576)	(3,887)
Profit / (Loss) for the period	3,629	6,282	3,629	6,282
Other comprehensive income:				
Currency translation differences	(2,492)	(57)	(2,492)	(57)
Total Comprehensive income for the period	1,137	6,225	1,137	6,225
Profit / (Loss) attributable to:				
Shareholders of the parent	2,681	3,876	2,681	3,876
Non-controlling interests	948	2,406	948	2,406
Profit / (Loss) for the period	3,629	6,282	3,629	6,282
Total comprehensive income / (expenses) attributable to:				
Shareholders of the parent	189	3,819	189	3,819
Non-controlling interests	948	2,406	948	2,406
Total Comprehensive income / (expenses) for the period	1,137	6,225	1,137	6,225
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.06	0.09	0.06	0.09
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 2022)

QUARTERLY REPORT

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2022	30.09.2022
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	215,308	217,579
Right-of-use assets	41,901	33,136
Goodwill	19,856	19,856
Deferred tax assets	5,317	5,389
	<u>282,382</u>	<u>275,960</u>
Current Assets		
Inventories	15,010	16,592
Trade and other receivables	18,985	24,586
Tax recoverable	4,490	4,766
Short term investments	5,967	2,785
Cash and cash equivalents	27,130	17,825
	<u>71,582</u>	<u>66,554</u>
TOTAL ASSETS	<u>353,964</u>	<u>342,514</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	(64,856)	(65,045)
Total equity attributable to shareholders of the parent	<u>169,245</u>	<u>169,056</u>
Non-controlling interests	18,908	22,689
Total equity	<u>188,153</u>	<u>191,745</u>
Non-current liabilities		
Long term borrowings	18,072	17,935
Other payables	6,468	3,551
Deferred tax liabilities	11,982	11,714
	<u>36,522</u>	<u>33,200</u>
Current Liabilities		
Short term borrowings	61,030	63,314
Trade & other payables	68,170	53,562
Taxation	89	693
	<u>129,289</u>	<u>117,569</u>
Total liabilities	<u>165,811</u>	<u>150,769</u>
TOTAL EQUITY AND LIABILITIES	<u>353,964</u>	<u>342,514</u>
Net assets per share (RM)	0.04	0.04

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated results of the Group for the financial year ended 30 September 2022)

QUARTERLY REPORT

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

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

	3 MONTHS ENDED	3 MONTHS ENDED
	31.12.2022	31.12.2021
	RM'000	RM'000
Profit before taxation	6,205	10,169
Adjustments for:-		
Non-operating items	9,045	2,129
Interest expenses	1,259	847
Interest income	(1,167)	(15)
Cash from operating activities before working capital changes	15,342	13,130
Net change in current assets	7,460	907
Net change in current liabilities	14,829	(1,291)
Tax (paid)/ refunded	(2,575)	(606)
Interest paid	(1,259)	(847)
Net cash generated from operating activities	33,797	11,293
Investing activities		
Additional investments in existing subsidiaries	(4,734)	-
Purchase of property, plant and equipment	(18,720)	(9,278)
Purchase of short term investments	(3,182)	-
Proceeds from disposal of property, plant and equipment	-	15,215
Interest received	1,167	15
Net cash used in investing activities	(25,469)	5,952
Financing activities		
Proceeds from bank borrowings	7,063	-
Repayment of bank borrowings	(7,690)	(8,795)
Net cash generated from financing activities	(627)	(8,795)
Net changes in cash and cash equivalents	7,701	8,450
Cash and cash equivalents at beginning of financial period	17,825	13,677
Effects of Exchange Rate Changes	1,604	57
Cash and cash equivalents at end of the financial period	27,130	22,184

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

Cash and bank balances	27,130	23,394
Bank overdraft	-	(1,210)
Cash and cash equivalents	27,130	22,184

(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 2022)

HUBLINE BERHAD
Registration No. 197501001462 (23568-H)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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
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
3 MONTHS ENDED 31 DEC 2022								
At 1 October 2022	238,293	27,400	(4,192)	(11,845)	4,668	(85,268)	22,689	191,745
Issuance of Redeemable Convertible Preference Shares in subsidiary							490	490
Acquisition of Non Controlling Interests in subsidiary							(5,259)	(5,259)
Non Controlling Interests on incorporation							40	40
Total comprehensive income for the period				(2,492)		2,681	948	1,137
At 31 December 2022	238,293	27,400	(4,192)	(14,337)	4,668	(82,587)	18,908	188,153

(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 2022)

NOTES TO THE INTERIM FINANCIAL REPORT – MFRS 134

A1. Basis of preparation

The Interim Financial Report of the Group is unaudited and have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board, and Paragraph 9.22 and Appendix 9B 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 2022.

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 2022.

A2. Auditors' report on preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 30 September 2022 was not qualified.

A3. Seasonality or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A4. Material and unusual items

There were no exceptional items in the quarterly financial statement under review.

A5. Changes in estimates

There were no changes in the estimates of amounts, which give a material effect in the current interim period.

A6. Debts and equity securities

There were no issuances, cancellations, repurchases, resale of debts and equity securities during the financial period under review.

A7. Dividend

No dividends have been declared or paid for the current financial period to date.

A8. Segmental Information

Segmental information for the 3 months ended 31 December 2022

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Related Activities RM'000	Group RM'000
Revenue				
External sales	38,408	37,227	-	75,635
Total revenue	38,408	37,227	-	75,635
Results				
Gross profit	7,784	8,542	-	16,326
Interest & other income	51	658	265	2,414
Administrative costs	(2,235)	(5,240)	(2,361)	(11,276)
Finance cost	(328)	(376)	(555)	(1,259)
Segment (loss)/profit before taxation	5,272	3,584	(2,651)	6,205

Segmental information for the 3 months ended 31 December 2021

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Related Activities 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 profit before taxation	4,547	7,400	(1,778)	10,169

A9. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2022 RM '000	Preceding Year Quarter Ended 31.12.2021 RM '000	Current Year To Date 31.12.2022 RM '000	Preceding Year To Date 31.12.2021 RM '000
Interest income	74	15	74	15
Other income	896	902	896	902
Foreign exchange gains/(losses) (net)	(219)	(28)	(219)	(28)
Depreciation and amortisation	(5,801)	(4,484)	(5,801)	(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 Group

There was no change in the composition of the Group during the current quarter under review except that on 11 November 2022, the Group incorporated a 100% owned subsidiary, Hub Energy Sdn Bhd which has a paid up capital of RM 100.

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>41,215</u>

A14. Capital commitments

	RM'000
Amount approved and committed	<u>10,127</u>

A15. Related Party Transactions

	3 Months Ended 31.12.2022 RM'000	3 Months Ended 31.12.2021 RM'000	Year to Date Ended 31.12.2022 RM'000	Year to Date Ended 31.12.2021 RM'000
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A Company in which a director is also the key management personnel:

Rental of premises	<u>129</u>	<u>129</u>	<u>129</u>	<u>129</u>
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Person connected to a director of a subsidiary:

Rental of premises	27	27	27	27
Student food catering	250	97	250	97

Shareholder of a subsidiary:

Operations support	(100)	(111)	(100)	(111)
Rental of premises	(15)	(15)	(15)	(15)
Helicopter charter fees	<u>3,479</u>	<u>2,477</u>	<u>3,479</u>	<u>2,477</u>

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

	INDIVIDUAL QUARTER			CUMULATIVE		
	Current Year	Preceding Year	Changes	Current Year	Preceding Year	Changes
	Quarter 31.12.2022 RM '000	Quarter 31.12.2021 RM '000	RM '000	To Date 31.12.2022 RM '000	To Date 31.12.2021 RM '000	RM '000
Revenue	75,635	68,312	7,323	75,635	68,312	7,323
Operating Profit	16,326	16,084	242	16,326	16,084	242
Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA)	13,265	15,631	(2,366)	13,265	15,631	(2,366)
Profit Before Tax (PBT)	6,205	10,169	(3,964)	6,205	10,169	(3,964)
Profit/(Loss) After Tax (PAT)	3,629	6,282	(2,653)	3,629	6,282	(2,653)

- Group revenue for the quarter ended 31 December 2022 was RM 75.64 million compared to RM 68.31 million in the same quarter of the preceding year. The change of RM 7.32 million were contributed as follows:

(RM'000)	Current year quarter 31.12.2022	Preceding year quarter 31.12.2021	Changes
Shipping segment	38,408	30,868	7,540
Aviation segment	37,227	37,444	(217)
Total	75,635	68,312	7,323

- The shipping segment contributed RM 38.41 million in revenue during the current quarter. This is an increase of RM 7.54 million when compared to the same quarter last year due to significant increase in freight rates between the first quarter of last year and the current quarter under review. 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 downtime for maintenance works and docking in the current year quarter.
 - The aviation segment contributed RM 37.23 million in revenue during the current quarter. During the quarter, we secured and carried out certain helicopter charter services. Nevertheless, graduation of students from our flying academy during the preceding quarters and current quarter had resulted in an overall slight reduction in revenue for the aviation segment.
- Operating profit for the current year quarter was marginally higher compared to the corresponding period of the previous year. Operating profit had improved from RM 16.08 million in the corresponding period of the previous year to RM 16.33 million in the current year quarter. By segment, operating profit are as follows:

Operating profit: (RM'000)	Current year quarter 31.12.2022	Preceding year quarter 31.12.2021	Changes
Shipping segment	7,784	5,323	2,461
Aviation segment	8,542	10,761	(2,219)
Total	16,326	16,084	242

EBITDA: (RM'000)	Current year quarter 31.12.2022	Preceding year quarter 31.12.2021	Changes
Shipping segment	9,544	8,353	1,191
Aviation segment	5,515	8,687	(3,172)
HQ	(1,794)	(1,409)	(385)
Total	13,265	15,631	(2,366)

- Operating profits for the shipping segment had improved predominantly due to better shipping rates since the first quarter of last year thereby allowing the Group to realize better margins. EBITDA for this segment also improved in line with the improvement in the operating profit for the current year quarter.
- Operating profits for the aviation segment reduced due to higher aircraft charter expenses. EBITDA for the current year quarter were lower in line with lower operating profit as well as asset written-off during the quarter.

B2. Comparison with preceding quarter's results

	Current Year Quarter 31.12.2022 RM '000	Immediate Preceding Quarter 30.09.2022 RM '000	Changes Amount RM '000
Revenue	75,635	54,408	21,227
Operating Profit	16,326	4,898	11,428
Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA)	13,265	7,197	6,068
Profit Before Tax (PBT)	6,205	33	6,172
Profit After Tax (PAT)	3,629	33	3,596

- Overall revenue had improved by RM 21.23 million during the December 2022 quarter from RM 54.41 million to RM 75.64 million. The breakdown of revenue are as follows:
 - Revenue contribution by the shipping segment was RM 38.41 million compared to RM 42.84 million in the preceding quarter, a decrease of RM 4.43 million. This decrease is due to lesser number of shipments completed during the quarter due to bad weather as well as slight downward pressures on freight rates.
 - Revenue contribution by the aviation segment was RM 37.23 million compared to RM 11.57 million in the preceding quarter. The increase in revenue was mainly due to increase in aircraft chartering.
- EBITDA had improved by RM 6.07 million from RM 7.20 million in the preceding quarter to RM 13.27 million in the current quarter mainly due to much improved EBITDA contribution from the aviation segment as a result of higher revenue.

B3. Commentary on Prospects

The Group's shipping segment business environment is expected to be more challenging for the current financial year. The Group is doing our best to maintain our shipment orders and expects its performance to remain satisfactory as we strive to continuously maximize our fleet utilisation.

The Group is cautiously optimistic that the aviation segment will continue to perform satisfactorily in line with recovery in the aviation industry. The Group continues to focus on securing new aviation charter and training contracts.

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 31.12.2022 RM'000	3 Months Ended 31.12.2021 RM'000	Year to Date Ended 31.12.2022 RM'000	Year to Date Ended 31.12.2021 RM'000
Income tax charge				
- current period	(1,204)	(3,468)	(1,204)	(3,468)
Deferred taxation	(1,372)	(419)	(1,372)	(419)
	<u>(2,576)</u>	<u>(3,887)</u>	<u>(2,576)</u>	<u>(3,887)</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 quarter ended 31 December 2022 were due to losses incurred by certain subsidiaries which were not set-off against taxable income from profitable 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 20 February 2023, 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 20 February 2023, 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-years programme that covers up to the period ended 21 January 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 1 st quarter ended 31 December 2022						
	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	13,727	17,159			13,727	17,159
Revolving Credit		27,696				27,696
Term Loan		1,674		17,663		19,337
Credit Card		645				645
Hire Purchase		129		409		538
Total	13,727	47,303		18,072	13,727	65,375
Grand Total		61,030		18,072		79,102

^ Borrowing is denominated in USD. As at 31 December 2022, the total balance outstanding was USD 3.127 million. Exchange rate used to convert to RM was 4.3900.

As at 1 st quarter ended 31 December 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		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

^ Borrowing 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.

Borrowings increased by RM 16.27 million from RM 62.84 million on 31 December 2021 to RM 79.10 million this quarter. The increase was mainly due to the increase in term loans from RM 6.18 million to RM 19.34 million as a result of the consolidation of a newly acquired subsidiary in March 2022. Revolving credit facilities have reduced by RM 7.1 million in accordance with the respective facility repayment schedule while the overdraft facility was not being utilized by the aviation segment as at 31 December 2022.

The average weighted interest rate of borrowings for the Group is 5.39% 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 31.12.2022	Quarter Ended 31.12.2021	Year to Date Ended 31.12.2022	Year to Date Ended 31.12.2021
Net profit / (loss) attributable to equity holders of the parent (RM'000)	2,681	3,876	2,681	3,876
Weighted average no. of ordinary shares ('000)	4,289,285	4,289,285	4,289,285	4,289,285
Basic earnings per share attributable to equity holders of the parent (sen)	0.06	0.09	0.06	0.09

(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 24 February 2023.