

QUARTERLY REPORT

This is a quarterly report on consolidated results for the financial quarter ended 31 March 2023

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2023**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.03.2023 RM '000	Preceding Year Quarter Ended 31.03.2022 RM '000	Current Year To Date 31.03.2023 RM '000	Preceding Year To Date 31.03.2022 RM '000
Revenue	46,902	46,784	122,537	115,096
Operating Expenses	(38,091)	(37,819)	(97,400)	(90,048)
	8,811	8,965	25,137	25,048
Other Operating Income	859	2,164	1,833	3,081
Administrative Expenses	(5,275)	(5,210)	(15,111)	(11,195)
Finance Cost	(1,502)	(1,007)	(2,761)	(1,853)
Profit before taxation	2,893	4,912	9,098	15,081
Taxation	(1,653)	(1,508)	(4,225)	(5,395)
Profit for the period	1,240	3,404	4,873	9,686
Other comprehensive income:				
Currency translation differences	987	416	(1,504)	359
Total Comprehensive income for the period	2,227	3,820	3,369	10,045
Profit attributable to:				
Shareholders of the parent	970	2,484	3,654	6,359
Non-controlling interests	270	920	1,219	3,327
Profit for the period	1,240	3,404	4,873	9,686
Total comprehensive income attributable to:				
Shareholders of the parent	1,957	2,900	2,150	6,718
Non-controlling interests	270	920	1,219	3,327
Total Comprehensive Income for the period	2,227	3,820	3,369	10,045
Earnings per share attributable to equity holders of the parent (sen)				
Basic	0.02	0.06	0.09	0.15
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 March 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.03.2023	30.09.2022
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	213,655	217,579
Right-of-use assets	41,521	33,136
Goodwill	19,856	19,856
Deferred tax assets	5,239	5,389
	<u>280,271</u>	<u>275,960</u>
Current Assets		
Inventories	16,225	16,592
Trade and other receivables	29,475	24,586
Tax recoverable	5,098	4,766
Short term investments	8,921	2,785
Cash and cash equivalents	17,112	17,825
	<u>76,831</u>	<u>66,554</u>
TOTAL ASSETS	<u>357,102</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	(62,900)	(65,045)
Total equity attributable to shareholders of the parent	<u>171,201</u>	<u>169,056</u>
Non-controlling interests	19,179	22,689
Total equity	<u>190,380</u>	<u>191,745</u>
Non-current liabilities		
Long term borrowings	17,609	17,935
Other payables	6,189	3,551
Deferred tax liabilities	13,214	11,714
	<u>37,012</u>	<u>33,200</u>
Current Liabilities		
Short term borrowings	66,807	63,314
Trade & other payables	62,903	53,562
Taxation	-	693
	<u>129,710</u>	<u>117,569</u>
Total liabilities	<u>166,722</u>	<u>150,769</u>
TOTAL EQUITY AND LIABILITIES	<u>357,102</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 March 2023

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023**

	6 MONTHS ENDED	6 MONTHS ENDED
	31.03.2023	31.03.2022
	RM'000	RM'000
Profit before taxation	9,098	15,081
Adjustments for:-		
Non-operating items	15,129	8,042
Interest expenses	2,761	1,853
Interest income	(140)	(301)
Cash from operating activities before working capital changes	26,848	24,675
Net change in current assets	(4,246)	7,270
Net change in current liabilities	8,526	6,314
Tax paid	(2,901)	(1,779)
Interest paid	(2,761)	(1,853)
Net cash generated from operating activities	25,466	34,627
Investing activities		
Additional investments in existing subsidiaries	(4,734)	-
Purchase of property, plant and equipment	(22,930)	(34,900)
Purchase of short term investments	(6,136)	-
Proceeds from disposal of property, plant and equipment	-	14,725
Interest received	140	301
Net cash used in investing activities	(33,660)	(19,874)
Financing activities		
Proceeds from bank borrowings	15,340	-
Repayment of bank borrowings	(10,320)	(5,457)
Net cash generated from financing activities	5,020	(5,457)
Net changes in cash and cash equivalents	(3,174)	9,296
Cash and cash equivalents at beginning of financial period	12,015	13,677
Effects of Exchange Rate Changes	2,487	3,049
Cash and cash equivalents at end of the financial period	11,328	26,022

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

Cash and bank balances	17,112	31,486
Bank overdraft	(5,784)	(5,464)
Cash and cash equivalents	11,328	26,022

(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)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

	< ----- 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
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	238,293	27,400	(4,192)	(13,595)	4,668	(86,083)	20,504	186,995
6 MONTHS ENDED 31 MAR 2023								
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							(5,264)	(5,264)
Non Controlling Interests on incorporation							40	40
Total comprehensive income for the period				(1,504)		3,654	1,219	3,369
At 31 March 2023	238,293	27,400	(4,192)	(13,349)	4,668	(81,614)	19,174	190,380

(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 6 months ended 31 March 2023

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Related Activities RM'000	Group RM'000
Revenue				
External sales	72,373	50,164	-	122,537
Total revenue	72,373	50,164	-	122,537
Results				
Gross profit	13,041	12,096	-	25,137
Interest & other income	959	606	268	1,833
Administrative costs	(4,728)	(6,362)	(4,021)	(15,111)
Finance cost	(906)	(721)	(1,134)	(2,761)
Segment (loss)/profit before taxation	8,366	5,619	(4,887)	9,098

Segmental information for the 6 months ended 31 March 2022

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Related Activities 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 profit before taxation	9,098	9,312	(3,329)	15,081

A9. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.03.2023 RM '000	Preceding Year Quarter Ended 31.03.2022 RM '000	Current Year To Date 31.03.2023 RM '000	Preceding Year To Date 31.03.2022 RM '000
Interest income	61	287	140	301
Other income	797	1,877	1,693	2,779
Foreign exchange gains/(losses) (net)	(914)	(4)	(1,133)	(32)
Depreciation and amortisation	(6,073)	(5,910)	(11,875)	(11,275)

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.

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	48,644
	<u>48,644</u>

A14. Capital commitments

	RM'000
Amount approved and committed	14,059
	<u>14,059</u>

A15. Related Party Transactions

	3 Months Ended 31.03.2023 RM'000	3 Months Ended 31.03.2022 RM'000	Year to Date Ended 31.03.2023 RM'000	Year to Date Ended 31.03.2022 RM'000
A Company in which a director is also a director and substantial shareholder:				
Operations support and rental income	4	83	4	210
A Company in which a director is also the key management personnel:				
Rental of premises	(129)	(129)	(258)	(258)
Person connected to a director of a subsidiary:				
Rental of premises	(27)	(27)	(54)	(54)
Student food catering	(244)	(130)	(495)	(227)
Shareholder of a subsidiary:				
Operations support	202	108	302	219
Rental of premises	15	15	30	30
Helicopter charter fees	(2,865)	(3,449)	(6,344)	(5,925)
Transportation charges	(14)	(41)	(14)	(41)

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

	INDIVIDUAL QUARTER			CUMULATIVE		
	Current Year Quarter 31.03.2023 RM '000	Preceding Year Quarter 31.03.2022 RM '000	Changes RM '000	Current Year To Date 31.03.2023 RM '000	Preceding Year To Date 31.03.2022 RM '000	Changes RM '000
Revenue	46,902	46,784	118	122,537	115,096	7,441
Operating Profit	8,811	8,965	(154)	25,137	25,048	89
Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA)	10,469	11,829	(1,360)	23,734	28,210	(4,476)
Profit Before Tax (PBT)	2,893	4,912	(2,019)	9,098	15,081	(5,983)
Profit/(Loss) After Tax (PAT)	1,240	3,404	(2,164)	4,873	9,686	(4,813)

- Group revenue for the quarter ended 31 March 2023 was RM 46.90 million compared to RM 46.78 million in the same quarter of the preceding year. The change of RM 0.12 million were contributed as follows:

(RM'000)	Current year quarter 31.03.2023	Preceding year quarter 31.03.2022	Changes
Shipping segment	33,965	30,026	3,939
Aviation segment	12,937	16,758	(3,821)
Total	46,902	46,784	118

- The shipping segment contributed RM 33.97 million in revenue during the current quarter. This is an increase of RM 3.94 million when compared to the same quarter last year was mainly due higher charter rates and more voyages performed in the current quarter.
 - The aviation segment contributed RM 12.94 million in revenue during the current quarter. Our general aviation segment carried out aircraft and helicopter charter services for existing contracts as well as new contracts secured during the quarter. Nevertheless, the value of these contracts were lower as compared to those in the same quarter last year. In addition, graduation of students from our flying academy had resulted in lower revenue for the current quarter.
- Operating profit for the current year quarter was marginally lower compared to the corresponding period of the previous year. Operating profit fell from RM 8.97 million in the corresponding period of the previous year to RM 8.81 million in the current year quarter. By segment, operating profit are as follows:

Operating profit: (RM'000)	Current year quarter 31.03.2023	Preceding year quarter 31.03.2022	Changes
Shipping segment	5,257	5,324	(67)
Aviation segment	3,554	3,641	(87)
Total	8,811	8,965	(154)

EBITDA: (RM'000)	Current year quarter 31.03.2023	Preceding year quarter 31.03.2022	Changes
Shipping segment	7,873	8,581	(708)
Aviation segment	3,950	3,704	246
HQ	(1,354)	(456)	(898)
Total	10,469	11,829	1,360

- Operating profits for the shipping segment had remained flat. Despite the improved revenue, operating expenses had increased proportionately higher due to increased port expenses during the quarter. EBITDA for the current quarter in this segment had also fallen in line with this.
- Operating profits for the aviation segment only reduced slightly despite a sizeable reduction in revenue for the quarter as we incurred lower aircraft maintenance and charter expenses. Similarly, EBITDA for the current year quarter were lower in line with the lower operating profits.

B2. Comparison with preceding quarter's results

	Current Year Quarter 31.03.2023 RM '000	Immediate Preceding Quarter 31.12.2022 RM '000	Changes Amount RM '000
Revenue	46,902	75,635	(28,733)
Operating Profit	8,811	16,326	(7,515)
Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA)	10,469	13,265	(2,796)
Profit Before Tax (PBT)	2,893	6,205	(3,312)
Profit After Tax (PAT)	1,240	3,629	(2,389)

- Overall revenue had fallen by RM 28.73 million during the March 2023 quarter from RM 75.64 million to RM 46.90 million. The breakdown of revenue are as follows:

(RM'000)	Current year quarter 31.03.2023	Preceding quarter 31.12.2022	Changes
Shipping segment	33,965	38,408	(4,443)
Aviation segment	12,937	37,227	(24,290)
Total	46,902	75,635	(28,733)

- Revenue contribution by the shipping segment was RM 33.97 million compared to RM 38.41 million in the preceding quarter, a decrease of RM 4.44 million. The downward pressure on freight rates across all commodities carried have resulted in lower revenue per voyage, hence despite the increased number of shipments performed, revenue was lower.
- Revenue contribution by the aviation segment was RM 12.94 million compared to RM 37.23 million in the preceding quarter. The reduced revenue in the current quarter was due to completion of fewer aircraft chartering contracts completed.
- Operating profit had fallen by RM 7.52 million from RM 16.33 million to RM 8.81 million. The shipping segment saw its operating profits drop from RM 7.78 million in the December 2022 quarter to RM 5.26 million in the March 2023 quarter, a decrease of RM 2.53 million. This decrease is the consequential effect from the drop in freight rates and reduction in revenue. For the aviation segment, its operating profits fell RM4.99 million from RM 8.54 million to RM 3.55 million due to a RM 24.29 million reduction in revenue in the current quarter.

B3. Commentary on Prospects

The Group's shipping segment is expected to face challenges with shipping rates for the rest of the financial year. However, the Group expects its performance to remain satisfactory with stable near term shipping orders outlook.

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 31.03.2023 RM'000	3 Months Ended 31.03.2022 RM'000	Year to Date Ended 31.03.2023 RM'000	Year to Date Ended 31.03.2022 RM'000
Income tax charge				
- current period	(1,376)	(786)	(2,576)	(4,254)
Deferred taxation	(277)	(722)	(1,649)	(1,141)
	<u>(1,653)</u>	<u>(1,508)</u>	<u>(4,225)</u>	<u>(5,395)</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 March 2023 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 19 May 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 19 May 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			

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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 2 nd quarter ended 31 March 2023					
	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		5,784				5,784
Invoice Financing	13,250	19,623			13,250	19,623
Revolving Credit		25,896				25,896
Term Loan		1,605		17,265		18,870
Credit Card		524				524
Hire Purchase		125		344		469
Total	13,250	53,557		17,609	13,250	71,166
Grand Total		66,807		17,609		84,416

[^] Borrowing is denominated in USD. As at 31 March 2023, the total balance outstanding was USD 3.0 million. Exchange rate used to convert to RM was 4.4170.

	As at 2 nd quarter ended 31 March 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)
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.

Borrowings increased by RM 5.48 million from RM 78.94 million on 31 March 2022 to RM 84.42 million this quarter. The increase was mainly due to additional invoice financing facilities provided, which increased from RM 7.60 million to RM 19.62 million. The shipping and aviation segments had increased their usage of the invoice financing facilities by RM 7.68 million and RM 4.34 million respectively. Meanwhile, revolving credit facilities had reduced by RM 5.9 million in accordance with the respective facility repayment.

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 31.03.2023	Quarter Ended 31.03.2022	Year to Date Ended 31.03.2023	Year to Date Ended 31.03.2022
Net profit / (loss) attributable to equity holders of the parent (RM'000)	970	2,484	3,654	6,359
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)	0.02	0.06	0.09	0.15

(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 22 May 2023.