

QUARTERLY REPORT

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

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2023 RM '000	Preceding Year Quarter Ended 31.12.2022 RM '000	Current Year To Date 31.12.2023 RM '000	Preceding Year To Date 31.12.2022 RM '000
Revenue	53,092	75,635	53,092	75,635
Operating Expenses	(48,496)	(59,309)	(48,496)	(59,309)
	<u>4,596</u>	<u>16,326</u>	<u>4,596</u>	<u>16,326</u>
Other Operating Income	1,986	974	1,986	974
Administrative Expenses	(6,956)	(9,836)	(6,956)	(9,836)
Finance Cost	(1,604)	(1,259)	(1,604)	(1,259)
(Loss)/Profit before taxation	<u>(1,978)</u>	<u>6,205</u>	<u>(1,978)</u>	<u>6,205</u>
Taxation	(539)	(2,576)	(539)	(2,576)
(Loss)/Profit for the period	<u>(2,517)</u>	<u>3,629</u>	<u>(2,517)</u>	<u>3,629</u>
Other comprehensive income:				
Currency translation differences	(1,349)	(2,492)	(1,349)	(2,492)
Total Comprehensive (loss)/income for the period	<u>(3,866)</u>	<u>1,137</u>	<u>(3,866)</u>	<u>1,137</u>
(Loss)/Profit attributable to:				
Shareholders of the parent	(960)	2,681	(960)	2,681
Non-controlling interests	(1,557)	948	(1,557)	948
(Loss)/Profit for the period	<u>(2,517)</u>	<u>3,629</u>	<u>(2,517)</u>	<u>3,629</u>
Total comprehensive (loss)/income attributable to:				
Shareholders of the parent	(2,309)	189	(2,309)	189
Non-controlling interests	(1,557)	948	(1,557)	948
Total Comprehensive (Loss)/Income for the period	<u>(3,866)</u>	<u>1,137</u>	<u>(3,866)</u>	<u>1,137</u>
Earnings per share attributable to equity holders of the parent (sen)				
Basic	-0.02	0.06	-0.02	0.06
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 2023)

QUARTERLY REPORT

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2023	30.09.2023
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	221,097	215,852
Right-of-use assets	32,351	32,800
Goodwill	19,856	19,856
Deferred tax assets	7,171	7,063
	<u>280,475</u>	<u>275,571</u>
Current Assets		
Inventories	14,623	17,000
Trade and other receivables	33,152	38,604
Tax recoverable	8,990	7,428
Assets held for sale	-	7,947
Short term investments	23,080	19,332
Cash and cash equivalents	18,006	24,850
	<u>97,851</u>	<u>115,161</u>
TOTAL ASSETS	<u>378,326</u>	<u>390,732</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	238,295	238,293
Treasury shares	(4,192)	(4,192)
Reserves	(57,710)	(55,396)
Total equity attributable to shareholders of the parent	<u>176,393</u>	<u>178,705</u>
Non-controlling interests	13,890	15,447
Total equity	<u>190,283</u>	<u>194,152</u>
Non-current liabilities		
Long term borrowings	28,253	28,761
Other payables	5,256	3,194
Deferred tax liabilities	15,023	15,046
	<u>48,532</u>	<u>47,001</u>
Current Liabilities		
Short term borrowings	57,842	70,565
Trade & other payables	81,016	78,987
Taxation	653	27
	<u>139,511</u>	<u>149,579</u>
Total liabilities	<u>188,043</u>	<u>196,580</u>
TOTAL EQUITY AND LIABILITIES	<u>378,326</u>	<u>390,732</u>
Net assets per share (RM)	0.044	0.045

(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 2023)

QUARTERLY REPORT

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

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

	3 MONTHS ENDED	3 MONTHS ENDED
	31.12.2023	31.12.2022
	RM'000	RM'000
Profit before taxation	(1,978)	6,205
Adjustments for:-		
Non-operating items	5,158	9,045
Interest expenses	1,604	1,259
Interest income	(115)	(1,167)
Cash from operating activities before working capital changes	4,669	15,342
Net change in current assets	6,267	7,460
Net change in current liabilities	2,688	14,829
Tax paid	(1,639)	(2,575)
Interest paid	(1,604)	(1,259)
Net cash generated from operating activities	10,381	33,797
Investing activities		
Additional investments in existing subsidiaries	-	(4,734)
Purchase of property, plant and equipment	(11,794)	(18,720)
Purchase of short term investments	(3,748)	(3,182)
Proceeds from disposal of property, plant and equipment	9,888	-
Interest received	115	1,167
Net cash used in investing activities	(5,539)	(25,469)
Financing activities		
Proceeds from bank borrowings	12,457	7,063
Repayment of bank borrowings	(22,921)	(7,690)
Proceeds from exercising of Warrant C	3	-
Net cash generated from financing activities	(10,461)	(627)
Net changes in cash and cash equivalents	(5,619)	7,701
Cash and cash equivalents at beginning of financial period	19,312	17,825
Effects of Exchange Rate Changes	(1,421)	1,604
Cash and cash equivalents at end of the financial period	12,272	27,130

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

Cash and bank balances	18,006	27,130
Bank overdraft	(5,734)	-
Cash and cash equivalents	12,272	27,130

(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 2023)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 December 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
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
Non Controlling Interests on acquisition							(5,219)	(5,219)
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
3 MONTHS ENDED 31 DEC 2023								
At 1 October 2023	238,293	27,400	(4,192)	(10,569)	4,668	(76,895)	15,447	194,152
Conversion of warrant C	2							2
Expiry of Warrants C		(27,400)			27,400			-
Dividend by subsidiary to Non-Controlling Interest						(5)		(5)
Total comprehensive income for the period				(1,349)		(960)	(1,557)	(3,866)
At 31 December 2023	238,295	-	(4,192)	(11,918)	32,068	(77,860)	13,890	190,283

(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 2023)

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 2023.

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 2023.

A2. Auditors' report on preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 30 September 2023 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 except as disclosed below:

A total 46,426 units of Warrant 2018/2023 ("Warrant C") were converted into ordinary shares at an exercise price of RM 0.055 per unit. Warrant C expired on 17 December 2023. The new ordinary shares issued rank pari passu in all aspects with the existing ordinary shares.

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 2023

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Other Activities RM'000	Group RM'000
Revenue				
External sales	37,581	15,511	-	53,092
Total revenue	37,581	15,511	-	53,092
Results				
Gross profit	6,108	(1,512)	-	4,596
Interest & other income	1,450	502	34	1,986
Administrative costs	(2,492)	(2,080)	(2,384)	(6,956)
Finance cost	(682)	(450)	(472)	(1,604)
Segment profit/(loss) before taxation	4,384	(3,540)	(2,822)	(1,978)

Segmental information for the 3 months ended 31 December 2022

	Shipping & Related Activities RM'000	Aviation & Related Activities RM'000	HQ & Other 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	974
Administrative costs	(2,235)	(5,240)	(2,361)	(9,836)
Finance cost	(328)	(376)	(555)	(1,259)
Segment profit/(loss) before taxation	5,272	3,584	(2,651)	6,205

A9. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter Ended 31.12.2023 RM '000	Preceding Year Quarter Ended 31.12.2022 RM '000	Current Year To Date 31.12.2023 RM '000	Preceding Year To Date 31.12.2022 RM '000
Interest income	115	74	115	74
Other income	1,653	896	1,653	896
Foreign exchange gains/(losses) (net)	218	(219)	218	(219)
Depreciation and amortisation	(6,175)	(5,801)	(6,175)	(5,801)

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	70,318
	<u>70,318</u>

A14. Capital commitments

	RM'000
Amount approved and committed	7,102
	<u>7,102</u>

A15. Related Party Transactions

	3 Months Ended 31.12.2023 RM'000	3 Months Ended 31.12.2022 RM'000	Year to Date Ended 31.12.2023 RM'000	Year to Date Ended 31.12.2022 RM'000
A Company in which a director is also a key management personnel:				
Rental of premises	(129)	(129)	(129)	(129)
Person connected to a director of a subsidiary:				
Operation support income	17	-	17	-
Helicopter and motor vehicle charter expenses	(58)	-	(58)	-
Rental of premises	(27)	(27)	(27)	(27)
Student food catering	(313)	(250)	(313)	(250)
Shareholder of a subsidiary:				
Operations support income	147	100	147	100
Rental of premises income	15	15	15	15
Helicopter charter expenses	(2,884)	(3,479)	(2,884)	(3,479)
Purchase of drum fuels	(71)	-	(71)	-

B EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

	INDIVIDUAL QUARTER			CUMULATIVE		
	Current Year Quarter 31.12.2023 RM '000	Preceding Year Quarter 31.12.2022 RM '000	Changes RM '000	Current Year To Date 31.12.2023 RM '000	Preceding Year To Date 31.12.2022 RM '000	Changes RM '000
Revenue	53,092	75,635	(22,543)	53,092	75,635	(22,543)
Operating Profit	4,596	16,326	(11,730)	4,596	16,326	(11,730)
Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA)	5,800	13,265	(7,465)	5,800	13,265	(7,465)
(Loss)/Profit Before Tax	(1,978)	6,205	(8,183)	(1,978)	6,205	(8,183)
(Loss)/Profit After Tax	(2,517)	3,629	(6,146)	(2,517)	3,629	(6,146)

- Group revenue for the quarter ended 31 December 2023 was RM 53.09 million compared to RM 75.64 million in the same quarter of the preceding year. The change of RM 22.54 million were contributed as follows:

(RM'000)	Current year quarter 31.12.2023	Preceding year quarter 31.12.2022	Changes
Shipping segment	37,581	38,408	(827)
Aviation segment	15,511	37,227	(21,716)
Total	53,092	75,635	(22,543)

- The shipping segment contributed RM 37.58 million in revenue during the current quarter. This is a decrease of RM 0.83 million when compared to the same quarter last year. Despite completing more voyages in the current quarter under review, the downward pressure on freight rates across all commodities carried, have resulted in lower revenue per voyage.
 - The aviation segment contributed RM 15.51 million in revenue during the current quarter. This is a decrease of RM 21.72 million when compared to the same quarter last year. This was mainly due to sizable time charter contracts secured and completed in the preceding year quarter.
- Operating profit and EBITDA by segment are as follows:

Operating profit: (RM'000)	Current year quarter 31.12.2023	Preceding year quarter 31.12.2022	Changes
Shipping segment	6,108	7,784	(1,676)
Aviation segment	(1,512)	8,542	(10,054)
Total	4,596	16,326	(11,730)

EBITDA: (RM'000)	Current year quarter 31.12.2023	Preceding year quarter 31.12.2022	Changes
Shipping segment	9,151	9,544	(393)
Aviation segment	(1,303)	5,515	(6,818)
HQ	(2,048)	(1,794)	(254)
Total	5,800	13,265	(7,465)

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- Operating profit for the current year quarter fell RM 11.73 million from RM 16.33 million in the corresponding period of the previous year to RM 4.60 million in the current year quarter. Similarly, EBITDA for the current year quarter fell in line with the lower revenue and operating profits.
- The shipping segment's operating profits fell slightly from RM 7.78 million to RM 6.11 million caused by the fall in revenue mainly due to the reduction in freight rates in the current quarter compare to the same quarter of the preceding year. Additionally, as there were more voyages completed during the current quarter, overall port charges had increased, thereby reducing operating profits. EBITDA for this segment also fell marginally by RM 0.40 million when compared with the same quarter of the preceding year.
- The aviation segment reported an operating loss of RM 1.51 million in the current year quarter from a profit of RM 8.54 million in the preceding year quarter. This was due to lower revenue for the quarter coupled with higher operating, maintenance and depreciation expenses. Similarly, EBITDA for the current year quarter also reported a loss.

B2. Comparison with preceding quarter's results

	Current Year Quarter 31.12.2023 RM '000	Immediate Preceding Quarter 30.09.2023 RM '000	Changes Amount RM '000
Revenue	53,092	57,094	(4,002)
Operating Profit	4,596	9,733	(5,137)
Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA)	5,800	9,622	(3,822)
(Loss)/ profit Before Tax (PBT)	(1,978)	1,643	(3,621)
(Loss)/ profit After Tax (PAT)	(2,517)	602	(3,119)

- Overall revenue had fallen by RM 4.0 million during the December 2023 quarter from RM 57.09 million to RM 53.09 million. The breakdown of revenue are as follows:

(RM'000)	Current quarter 31.12.2023	Preceding quarter 30.09.2023	Changes
Shipping segment	37,581	34,625	2,956
Aviation segment	15,511	22,469	(6,958)
Total	53,092	57,094	(4,002)

- Revenue contribution by the shipping segment was RM 37.58 million which was RM 2.96 million higher compared to the preceding quarter. This is because freight rates have started to improve since the preceding quarter. Hence despite completing less voyages in the current quarter compared to the preceding quarter, overall revenue still improved.
- The aviation segment contributed RM 15.51 million in revenue during the current quarter. This is a decrease of RM 6.96 million when compared to the preceding quarter. This was mainly due to time charter contracts secured and completed in the preceding year quarter compared to the current quarter.

Operating profit:
(RM'000)

	Current year quarter 31.12.2023	Preceding year quarter 30.09.2023	Changes
Shipping segment	6,108	6,105	3
Aviation segment	(1,512)	3,628	(5,140)
Total	4,596	9,733	(5,137)

EBITDA: (RM'000)	Current quarter 31.12.2023	Preceding quarter 30.09.2023	Changes
Shipping segment	9,151	7,399	1,752
Aviation segment	(1,303)	3,412	(4,715)
HQ	(2,048)	(1,189)	(859)
Total	<u>5,800</u>	<u>9,622</u>	<u>(3,822)</u>

- Operating profit fell by RM 5.14 million from RM 9.73 million to RM 4.60 million. The shipping segment maintained their operating profits for the quarter and improved their EBITDA by RM 1.75 million from RM 7.40 million last quarter compared to RM 9.15 million in the current quarter.
- The aviation segment reported an operating loss of RM 1.51 million in the current quarter from a profit of RM 3.63 million in the preceding year quarter. This was due to lower revenue for the quarter coupled with higher operating expenses on aircraft maintenance and depreciation, aircraft charter-hire expenses, insurance as well as student training costs. Similarly, EBITDA for the current year quarter also reported a loss.

B3. Commentary on Prospects

While the Group's shipping segment had noticed an improvement in shipping freight rates in the current quarter, we expect disruptions in the coming quarter due to hesitation in orders from customers during the monsoon season where weather and sea conditions are poor. Furthermore, there is the usual expected slowdown due to the holiday season. The Group will work hard to maintain vessel utilisation and expects steady performance for the coming financial year.

The aviation segment continues to face challenges in the general aviation and flying academy operations. Moving forward, the Group will continue to bid for new aviation charter and training contracts as well as managing its costs in this competitive industry.

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 31.12.2023 RM'000	3 Months Ended 31.12.2022 RM'000	Year to Date Ended 31.12.2023 RM'000	Year to Date Ended 31.12.2022 RM'000
Income tax charge				
- current period	(600)	(1,204)	(600)	(1,204)
Deferred taxation	61	(1,372)	61	(1,372)
	<u>(539)</u>	<u>(2,576)</u>	<u>(539)</u>	<u>(2,576)</u>

Domestic current income tax is calculated at the statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the year.

The high effective tax rates as reported for the quarter ended 31 December 2023 were due to losses incurred by certain companies within the group which cannot be set-off against taxable income from profitable companies.

B6. Status of corporate proposals

There were no corporate proposals announced or not completed by the Group as at the date of this report.

B7. Group borrowings and debt securities

As at 1 st quarter ended 31 December 2023						
Secured	Short term		Long term		Total borrowings	
	Foreign denomination (RM '000)^	RM denomination (RM '000)	Foreign denomination (RM '000)^	RM denomination (RM '000)	Foreign denomination (RM '000)^	RM denomination (RM '000)
Overdraft		5,734				5,734
Invoice Financing	1,509	25,621			1,509	25,621
Revolving Credit		20,400				20,400
Term Loan	1,087	3,394	9,303	18,669	10,390	22,063
Hire Purchase		97		281		378
Total	2,596	55,246	9,303	18,950	11,899	74,196
Grand Total	57,842		28,253		86,095	

^ Borrowing is denominated in USD. As at 31 December 2023, the total balance outstanding was USD 2.592 million. Exchange rate used to convert to RM was 4.5900.

As at 1 st quarter ended 31 December 2022						
Secured	Short term		Long term		Total borrowings	
	Foreign denomination (RM '000)^	RM denomination (RM '000)	Foreign denomination (RM '000)^	RM denomination (RM '000)	Foreign denomination (RM '000)^	RM denomination (RM '000)
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.

Borrowings increased by RM 7.0 million from RM 79.10 million on 31 December 2022 to RM 86.10 million this quarter. The increase was mainly due to additional term loan by the shipping segment that was drawn down during the quarter. The shipping segment decreased their utilisation of their working capital facilities by RM 4.01 million while the aviation segment had marginally increased their utilisation of working capital facilities by RM 0.26 million. Meanwhile, revolving credit facilities had reduced by RM 7.30 million in accordance with the respective facility repayment schedule.

The average weighted interest rate of borrowings for the Group is 6.40% 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

The 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 31.12.2023	Quarter Ended 31.12.2022	Year to Date Ended 31.12.2023	Year to Date Ended 31.12.2022
Net profit / (loss) attributable to equity holders of the parent (RM'000)	(960)	2,681	(960)	2,681
Weighted average no. of ordinary shares ('000)	4,289,294	4,289,285	4,289,322	4,289,285
Basic earnings per share attributable to equity holders of the parent (sen)	-0.02	0.06	-0.02	0.06

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 27 February 2024.