# Harbour-Link Group Berhad (Company No: 592902-D)

## Part A – NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (“MFRS 134”)

## A1. First-time Adopting of Malaysian Financial Reporting Standards (“MFRS”)

The condensed consolidation interim financial statements of the Group for the period ended 31 March 2013, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.2 of the Listing Requirement of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 30th June 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

The Group has adopted the MFRS framework issued by MASB with effect from 1st July 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia’s existing FRS framework with the IAS framework issued by the IASB.

***A1.1 Significant Accounting Policies and Application of MFRS 1***

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 30th June 2013. The Group has therefore applied MFRS 1 – First-time Adopting of Malaysian Financial Reporting Standards.

The adoption of the MFRS framework did not result in any substantial change to the Group’s accounting policies, nor any significant impact on the financial statements, as the accounting policies adopted by the Group under the previous FRS framework are consistent with the MFRS framework, except for the following:

1. Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from combinations prior to the date of transition.

*Acquisitions before date of transition*

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

***A1.1 Significant Accounting Policies and Application of MFRS 1***

1. Business combination
2. The classification of former business combinations under FRS is maintained;
3. There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
4. The carrying amount of goodwill recognized under FRS is not adjusted.
5. Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1September 1998. By virtue of this transitional provision, the Group had recorded certain buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to:

* Regard the revalued amounts of buildings as at 1 July 1997 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus RM101,000 (31 March 2012: RM101,000; 30 June 2012: RM101,000) was transferred to retained earnings on date of transition to MFRS.

1. Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM347,000 (31 March 2012 : RM42,000; 30 June 2012 : 259,000) were adjusted to retained earnings.

In the preparation of the Group’s opening MFRS statements of financial positions, the amounts previously reported in accordance with FRS framework have been adjusted for the financial effects of the adoption of the MFRS framework. A reconciliation of these changes is summaries in the following tables.

***A1.1 Significant Accounting Policies and Application of MFRS 1***

1. Reconciliation of Consolidated Financial Position as at **1 July 2011**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Under FRS Framework | Effect of Transition to MFRS | Under MFRS Framework |
| ASSETS | RM’000 | RM’000 | RM’000 |
| Non-current assets |  |  |  |
| Property, plant and equipment | 157,706 | - | 157,706 |
| Investment properties | 9,375 | - | 9,375 |
| Prepaid land lease payments | 45,451 | - | 45,451 |
| Intangible assets | 94,592 | - | 94,592 |
| Investment in jointly-controlled entity | 2,562 | - | 2,562 |
| Investment in associates | 1,808 | - | 1,808 |
| Other investment | 652 | - | 652 |
| Deferred tax assets | 1,373 | - | 1,373 |
|  | 313,519 | - | 313,519 |
|  |  |  |  |
| Current assets |  |  |  |
| Property development cost | - | - | - |
| Inventories | 2,828 | - | 2,828 |
| Trade and other receivables | 69,095 | - | 69,095 |
| Other current assets | 16,297 | - | 16,297 |
| Cash and bank balance | 36,667 | - | 36,667 |
|  | 124,887 | - | 124,887 |
| TOTAL ASSETS | 438,406 | - | 438,406 |
|  |  |  |  |
| LIABILITIES |  |  |  |
| Current liabilities |  |  |  |
| Loans and borrowings | 39,468 | - | 39,468 |
| Trade and other payables | 44,658 | - | 44,658 |
| Other current liabilities | 4,949 | - | 4,949 |
| Tax payables | 1,424 | - | 1,424 |
|  | 90,499 | - | 90,499 |
|  |  |  |  |
| Non-current liabilities |  |  |  |
| Deferred tax liabilities | 7,608 | - | 7,608 |
| Loans and borrowings | 86,529 | - | 86,529 |
|  | 94,137 | - | 94,137 |
| TOTAL LIABILITIES | 184,636 | - | 184,636 |
| NET ASSETS | 253,770 | - | 253,770 |
|  |  |  |  |

***A1.1 Significant Accounting Policies and Application of MFRS 1 (Cont’d)***

1. Reconciliation of Consolidated Financial Position as at **1 July 2011**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Under FRS Framework | Effect of Transition to MFRS | Under MFRS Framework |
| Equity | RM’000 | RM’000 | RM’000 |
| Share capital | 182,000 | - | 182,000 |
| Retained earnings | 61,540 | 448 | 61,988 |
| Revaluation reserve | 101 | (101)# | - |
| Foreign currency translation reserve | 347 | (347)# | - |
| Equity attributable to owners of the parent | 243,988 | - | 243,988 |
| Non-controlling interests | 9,782 | - | 9,782 |
| TOTAL EQUITY | 253,770 | - | 253,770 |

***A1.1 Significant Accounting Policies and Application of MFRS 1***

1. Reconciliation of Consolidated Financial Position as at **31 March 2012**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Under FRS Framework | Effect of Transition to MFRS | Under MFRS Framework |
| ASSETS | RM’000 | RM’000 | RM’000 |
| Non-current assets |  |  |  |
| Property, plant and equipment | 168,315 | - | 168,315 |
| Investment properties | 10,029 | - | 10,029 |
| Prepaid land lease payments | 45,358 | - | 45,358 |
| Intangible assets | 94,592 | - | 94,592 |
| Investment in jointly-controlled entity | 2,615 | - | 2,615 |
| Investment in associates | 2,588 | - | 2,588 |
| Other investment | 652 | - | 652 |
| Deferred tax assets | 855 | - | 855 |
|  | 325,004 | - | 325,004 |
|  |  |  |  |
| Current assets |  |  |  |
| Property development cost | - | - | - |
| Inventories | 2,370 | - | 2,370 |
| Trade and other receivables | 113,647 | - | 113,647 |
| Other current assets | 26,217 | - | 26,217 |
| Cash and bank balance | 29,711 | - | 29,711 |
|  | 171,945 | - | 171,945 |
| TOTAL ASSETS | 496,949 | - | 496,949 |
|  |  |  |  |
| LIABILITIES |  |  |  |
| Current liabilities |  |  |  |
| Loans and borrowings | 44,413 | - | 44,413 |
| Trade and other payables | 83,467 | - | 83,467 |
| Other current liabilities | 3,008 | - | 3,008 |
| Tax payables | 6,212 | - | 6,212 |
|  | 137,100 | - | 137,100 |
|  |  |  |  |
| Non-current liabilities |  |  |  |
| Deferred tax liabilities | 9,870 | - | 9,870 |
| Loans and borrowings | 79,277 | - | 79,277 |
|  | 89,147 | - | 89,147 |
| TOTAL LIABILITIES | 226,247 | - | 226,247 |
| NET ASSETS | 270,702 | - | 270,702 |

***A1.1 Significant Accounting Policies and Application of MFRS 1 (Cont’d)***

1. Reconciliation of Consolidated Financial Position as at **31 March 2012**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Under FRS Framework | Effect of Transition to MFRS | Under MFRS Framework |
| Equity | RM’000 | RM’000 | RM’000 |
| Share capital | 182,000 | - | 182,000 |
| Retained earnings | 77,004 | 448 | 77,452 |
| Revaluation reserve | 101 | (101)# | - |
| Foreign currency translation reserve | 42 | (347)# | (305) |
| Equity attributable to owners of the parent | 259,147 | - | 259,147 |
| Non-controlling interests | 11,555 | - | 11,555 |
| TOTAL EQUITY | 270,702 | - | 270,702 |

***A1.1 Significant Accounting Policies and Application of MFRS 1***

1. Reconciliation of Consolidated Financial Position as at **30 June 2012**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Under FRS Framework | Effect of Transition to MFRS | Under MFRS Framework |
| ASSETS | RM’000 | RM’000 | RM’000 |
| Non-current assets |  |  |  |
| Property, plant and equipment | 164,726 | - | 164,726 |
| Investment properties | 9,987 | - | 9,987 |
| Prepaid land lease payments | 42,394 | - | 42,394 |
| Intangible assets | 94,592 | - | 94,592 |
| Investment in jointly-controlled entity | 2,583 | - | 2,583 |
| Investment in associates | 2,650 | - | 2,650 |
| Other investment | 652 | - | 652 |
| Deferred tax assets | 446 | - | 446 |
|  | 318,030 | - | 318,030 |
|  |  |  |  |
| Current assets |  |  |  |
| Property development cost | 3,126 | - | 3,126 |
| Inventories | 2,788 | - | 2,788 |
| Trade and other receivables | 113,581 | - | 113,581 |
| Other current assets | 12,109 | - | 12,109 |
| Cash and bank balance | 65,608 | - | 65,608 |
|  | 197,212 | - | 197,212 |
| TOTAL ASSETS | 515,242 | - | 515,242 |
|  |  |  |  |
| LIABILITIES |  |  |  |
| Current liabilities |  |  |  |
| Loans and borrowings | 40,823 | - | 40,823 |
| Trade and other payables | 106,722 | - | 106,722 |
| Other current liabilities | 1,289 | - | 1,289 |
| Tax payables | 2,622 | - | 2,622 |
|  | 151,456 | - | 151,456 |
|  |  |  |  |
| Non-current liabilities |  |  |  |
| Deferred tax liabilities | 9,642 | - | 9,642 |
| Loans and borrowings | 75,907 | - | 75,907 |
|  | 85,549 | - | 85,549 |
| TOTAL LIABILITIES | 237,005 | - | 237,005 |
| NET ASSETS | 278,237 | - | 278,237 |

***A1.1 Significant Accounting Policies and Application of MFRS 1***

1. Reconciliation of Consolidated Financial Position as at **30 June 2012**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Under FRS Framework | Effect of Transition to MFRS | Under MFRS Framework |
| Equity | RM’000 | RM’000 | RM’000 |
| Share capital | 182,000 | - | 182,000 |
| Retained earnings | 85,118 | 448 | 85,566 |
| Revaluation reserve | 101 | (101)# | - |
| Foreign currency translation reserve | 259 | (347)# | (88) |
| Equity attributable to owners of the parent | 267,478 | - | 267,478 |
| Non-controlling interests | 10,759 | - | 10,759 |
| TOTAL EQUITY | 278,237 | - | 278,237 |

***A1.2 Cash flows***

There are no differences between the statement of cash flows presented under MFRS and the statement of cash flows presented under FRS.

## A2. Not adopted by the Group

The following MFRS and amendments to MFRS issued by the MASB that are relevant have not yet been adopted by the Group. These MFRS and amendments are effective for annual periods beginning on or after 1st July 2012 unless other stated:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | Effective for annual periods beginning on or after |
| MFRS 9 | Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010) |  | 1 January 2015 |
| MFRS 10 | Consolidated Financial Statements |  | 1 January 2013 |
| MFRS 11 | Joint Arrangements |  | 1 January 2013 |
| MFRS 12 | Disclosure of Interest in Other Entities |  | 1 January 2013 |
| MFRS 119 | Employee Benefits (IAS 19 as amended by IASB in June 2011) |  | 1 January 2013 |
| MFRS 127 | Separate Financial Statement (IAS 27 as amended by IASB in May 2011) |  | 1 January 2013 |
|  |  |  |  |

## A2. Not adopted by the Group (Cont’d)

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | | Effective for annual periods beginning on or after |
| MFRS 128 | Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011) |  | 1 January 2013 |
| Amendments to MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards |  | 1 January 2013 |
| Amendments to MFRS 7 | Disclosures – Offsetting Financial Assets and Financial Liabilities |  | 1 January 2013 |
| Amendment to MFRS 101 | Presentation of Financial Statement |  | 1 January 2013 |
| Amendment to MFRS 116 | Property, Plant and Equipment |  | 1 January 2013 |
| Amendment to MFRS 132 | Financial Instruments : Presentation |  | 1 January 2013 |
| Amendment to MFRS 132 | Offsetting Financial Assets and Financial Liabilities |  | 1 January 2014 |
| Amendment to MFRS 134 | Interim Financial Reporting |  | 1 January 2013 |

The adoption of the above MFRS and amendments to MFRS are not expected to have a material impact on the financial statements of the Group.

## A3. Report of the Auditors to the Members of Harbour-Link

The reports of the auditors to the members of Harbour-Link and its subsidiary companies on the financial statements for the financial year ended 30 June 2012 were not subject to any qualification and did not include any adverse comments made under subsection (3) of Section 174 of the Companies Act, 1965.

## A4. Seasonality or Cyclicality of Interim Operations

The Group’s results are not materially affected by any seasonal or cyclical factors.

## A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial period ended 31 March 2013.

## A6. Material Effect of Changes in Estimates of Amounts Reported in Prior Interim Periods or Prior Financial Years

There were no changes in estimates of amounts reported in prior interim periods or prior financial years that have a material effect on results for the current quarter under review.

## A7. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter and financial period ended 31 March 2013.

## A8. Dividend Paid

No dividend was paid in the current quarter.

## A9. Segment Information

The Group’s financial information analysed by business segment is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Shipping,** |  |  | **Logistics** | | |  | | |  | | |  | |  | |  | |  | |
|  | **marine** |  |  | **Services** | | |  | | |  | | |  | |  | |  | |  | |
| **Financial year to date** | **service** |  |  | **& equipment** | | |  | | | **Engineering** | | |  | |  | |  | |  | |
| **31st March 2013** | **& others** |  |  | **rental** | | |  | | | **contract** | | |  | | **Elimination** | |  | | **Total** | |
|  | **RM’000** |  |  | **RM’000** | | |  | | | **RM’000** | | |  | | **RM’000** | |  | | **RM’000** | |
| **REVENUE** |  |  |  |  | | |  | | |  | | |  | |  | |  | |  | |
| Revenue from external sales | 168,230 |  |  | 119,747 | | |  | | | 26,429 | | |  | |  | |  | | 314,406 | |
| Inter-segment sales | 20,866 |  |  | 18,441 | | |  | | |  | | |  | | (39,307) | |  | | - | |
|  | 189,096 |  |  | 138,188 | | |  | | | 26,429 | | |  | | (39,307) | |  | | 314,406 | |
|  |  |  |  |  |  | | |  | | |  |  | |  | | | | | |
| **RESULTS** |  |  |  |  | |  | | |  | | | |  | |  |  | |  | | |
| Profit before taxation | 5,728 |  |  | 20,192 | |  | | | (472) | | | |  | | - |  | | 25,448 | | |
|  |  |  |  |  | |  | | |  | | | |  | |  |  | |  | | |
| Profit before taxation |  |  |  |  | |  | | |  | | | |  | |  |  | |  | | |
| includes: |  |  |  |  | |  | | |  | | | |  | |  |  | |  | | |
| Amortisation | 875 |  |  | 15 | |  | | | - | | | |  | | - |  | | 890 | | |
| Fair value adjustment to investment properties | 58 |  |  | 109 | |  | | | 14 | | | |  | | - |  | | 181 | | |
| Depreciation | 4,181 |  |  | 7,180 | |  | | | 380 | | | |  | | - |  | | 11,741 | | |
| Finance Cost | 3,542 |  |  | 2,979 | |  | | | 114 | | | |  | |  |  | | 6,635 | | |
| Reversal of Impairment of trade receivables | (983) |  |  | (1,219) | |  | | | - | | | |  | | - |  | | (2,202) | | |
| Impairment of trade receivables | 1,492 |  |  | 1,806 | |  | | | - | | | |  | | - |  | | 3,298 | | |
| Bad debts recovered | - |  |  | (19) | |  | | | - | | | |  | | - |  | | (19) | | |
| Bad debt written off | 33 |  |  | 85 | |  | | | - | | | | - | | - |  | | 118 | | |
| Share of profits in jointly controlled entities and associates | (662) |  |  | (507) | |  | | | - | | | |  | | - |  | | (1,169) | | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SEGMENT ASSETS** | 258,311 |  | 214,290 |  | 55,193 |  | (17,187) |  | 510,607 |
| Deferred tax assets | 609 |  | 408 |  | - |  | - |  | 1,017 |
| **TOTAL ASSETS** | 258,920 |  | 214,698 |  | 55,193 |  | (17,187) |  | 511,624 |
|  |  |  |  |  |  |  |  |  |  |
| **Included in measure of segment assets are :** |  |  |  |  |  |  |  |  |  |
| Investment in associates | 3,067 |  | - |  | - |  | - |  | 3,067 |
| Investment in jointly controlled entities | - |  | 3,089 |  | - |  | - |  | 3,089 |
| Additional to property, plant and equipment | 3,063 |  | 2,747 |  | 6,271 |  | - |  | 12,081 |
|  |  |  |  |  |  |  |  |  |  |
| **SEGMENT LIABILITIES** | 89,146 |  | 122,061 |  | 10,371 |  | (17,187) |  | 204,391 |
| Deferred tax liabilities | 2,607 |  | 7,113 |  | 789 |  | - |  | 10,509 |
| **TOTAL LIABILITIES** | 91,753 |  | 129,174 |  | 11,160 |  | (17,187) |  | 214,900 |

## A9. Segment Information (Cont’d)

The Group’s financial information analysed by business segment is as follows:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Shipping,** |  | **Logistics** |  |  |  |  |  |  |
|  | **marine** |  | **Services &** |  |  |  |  |  |  |
| **Financial year to date** | **service** |  | **equipment** |  | **Engineering** |  |  |  |  |
| **31st March 2012** | **& others** |  | **rental** |  | **contract** |  | **Elimination** |  | **Total** |
|  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |
| **REVENUE** |  |  |  |  |  |  |  |  |  |
| Revenue from external sales | 176,893 |  | 102,688 |  | 64,428 |  |  |  | 344,009 |
| Inter-segment sales | 31,213 |  | 12,497 |  |  |  | (43,710) |  |  |
|  | 208,106 |  | 115,185 |  | 64,428 |  | (43,710) |  | 344,009 |
|  |  |  |  |  |  |  |  |  |  |
| **RESULTS** |  |  |  |  |  |  |  |  |  |
| Profit before taxation | 8,892 |  | 15,060 |  | 1,103 |  | 806 |  | 25,862 |
|  |  |  |  |  |  |  |  |  |  |
| Profit before taxation |  |  |  |  |  |  |  |  |  |
| includes: |  |  |  |  |  |  |  |  |  |
| Amortisation | 171 |  | 15 |  |  |  |  |  | 186 |
| Fair value adjustment to investment properties | 51 |  | 109 |  | 14 |  |  |  | 173 |
| Depreciation | 4,550 |  | 6,329 |  | 895 |  |  |  | 11,774 |
| Finance Cost | 2,527 |  | 2,494 |  | 19 |  | (369) |  | 4,670 |
| Reversal of Impairment of trade receivables | (537) |  | (2,719) |  | (0) |  |  |  | (3,257) |
| Impairment of trade receivables | 418 |  | 1,913 |  |  |  |  |  | 2,331 |
| Bad debt recovered | - |  | (60) |  |  |  |  |  | (60) |
| Bad debt written off | 282 |  | 600 |  |  |  |  |  | 882 |
| Share of profits in jointly controlled entities and associates | (778) |  | (54) |  |  |  |  |  | (832) |
|  |  |  |  |  |  |  |  |  |  |
| **SEGMENT ASSETS** | 240,038 |  | 199,778 |  | 56,278 |  |  |  | 496,094 |
| Deferred tax assets | 517 |  | 338 |  |  |  |  |  | 855 |
| **TOTAL ASSETS** | 240,555 |  | 200,116 |  | 56,278 |  | - |  | 496,949 |
| **Included in measure of segment assets are :** |  |  |  |  |  |  |  |  |  |
| Investment in associates | 2,344 |  | 243 |  |  |  |  |  | 2,588 |
| Investment in jointly controlled entities |  |  | 2,615 |  |  |  |  |  | 2,615 |
| Additional to property, plant and equipment | 6,518 |  | 15,882 |  | 934 |  |  |  | 23,334 |
|  |  |  |  |  |  |  |  |  |  |
| **SEGMENT LIABILITIES** | 77,609 |  | 126,437 |  | 12,332 |  |  |  | 216,378 |
| Deferred tax liabilities | 2,255 |  | 6,991 |  | 625 |  |  |  | 9,870 |
| **TOTAL LIABILITIES** | 79,864 |  | 133,428 |  | 12,956 |  | - |  | 226,248 |

|  |
| --- |
|  |

## A10. Property, Plant and Equipment

The valuations of land and buildings have been brought forward, without amendment from the most recent annual financial statements for the financial year ended 30 June 2012.

## A11. Significant Post Balance Sheet Event

There are no material events as at 15 May 2013, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the current financial period under review.

## A12. Changes in Composition of the Group

Save for the below, there were no changes in composition of the Group during the current period ended 31 March 2013,

1. On 27th November 2012, Harbour-Link Logistics Sdn . Bhd. (“HLL”), a wholly-owned sub-subsidiary of of Harbour-Link Group Berhad (“Harbour-Link”) had acquired the remaining two hundred and fifty five thousand (255,000) ordinary shares of RM1.00 each (“Shares”), representing fifty one percent (51.0%) of the issued and paid up share capital of Siong Jaya Sdn. Bhd. (“SJSB”) from Hussein Bin Rajuli for a total consideration of RM255,000.00.
2. On the 2nd January 2013, Harbour-Link (M) Sdn. Bhd. (“HLM”), a wholly—owned subsidiary of Harbour-Link Group Berhad had acquired two hundred and forty five thousand (245,000) ordinary shares of RM1.00 each (“Shares”), representing forty nine percent (49.0%) of the issued and paid-up share capital of Harbour Services Sdn. Bhd. (“HSSB”) from Awang Haji Alias for a total cash consideration of RM367,500.00 (“the Acquisition”).

## A13. Contingent Liabilities

Changes in contingent liabilities since the last annual balance sheet date to 15 May 2013, being the date not earlier than 7 days from the date of this announcement, are as follows:

**15 March 2013 30 June 2012**

**RM’000 RM’000**

Corporate guarantees to financial institutions

for credit facilities granted to:

- Subsidiary companies 287,596 216,516

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## A14. Capital Commitments

**31 March 2013 30 June 2012**

**RM’000 RM’000**

Capital expenditure

Authorised and contracted for 10,270 8,256

***A15. Related Party Transactions***

Related parties are those defined under FRS 124: Related Party Disclosures. The Directors are of the opinion that the related party transactions and balances described below are carried out in the ordinary course of business and on commercial terms that are no more favourable than those available to other third parties.

**Current Balance due**

**Quarter from/(to)**

**To date As at**

**31 March 2013 31 March 2013**

**RM’000 RM’000**

Transaction with companies in which

Certain Directors of the Company have

substantial interests

Sales of goods and services 27 12

Purchase of goods and services 684 (864)

## B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

## B1. Review of the Performance of the Group

**Current Preceding year**

**financial corresponding**

**period ended period ended**

**31 Mar 2013 31 Mar 2012**

**RM’000 RM’000**

Revenue 314,406 344,009

Profit before taxation 25,448 25,862

The Group posted revenue of RM314.406 million for the current financial period ended 31 March 2013, which is RM29.603 million or 8.60% lower than the corresponding period of the preceding year of RM344.009 million.

The shipping, marine services & others division recorded revenue of RM189.096 million which is RM19.010 million or 9.13% lower than the corresponding period of the preceding year of RM208.106 million. The decrease was mainly attributable to lower cargo volume due to festive season. The profit before tax for the current period is RM5.728 million which is RM3.164 million lower than the corresponding period of the preceding year of RM8.892 million. The lower profit was mainly due to lower volume and lower margin.

The logistics services and equipment rental division recorded revenue of RM138.188 million and profit before tax of RM20.192 million as compared to the previous corresponding period of the preceding year of RM115.185 million and RM15.060 million respectively. The increase in revenue and profit are due to the increase of work volume during the period.

The engineering contract division recorded a revenue of RM26.429 million and loss before tax of RM0.472 million as compared to the revenue of previous corresponding period of the preceding year of RM64.428 million and profit before tax of RM1.103 million respectively. The lower revenue which caused a marginal loss was mainly due to most of the major projects have been completed and newly secured projects are at the beginning stages.

## B2. Comparison with Preceding Quarter’s Results

**Current Preceding**

**quarter ended quarter ended**

**31 March 2013 31 Dec 2012**

**RM’000 RM’000**

Revenue 102,624 110,986

Profit before taxation 6,828 8,836

The Group posted an decrease in revenue of RM8.362 million or 7.53% in the current quarter ended 31 March 2013 of RM102.624 million as compared to RM110.986 million in the most recent preceding quarter ended 31 December 2012. The decrease in the revenue is mainly from shipping, marine services & others division.

The Group has registered a decrease in profit before taxation of RM2.008 million or 22.73% in the current quarter ended 31 March 2013 of RM6.828 million as compared to a profit before taxation of RM8.836 million in the most recent preceding quarter mainly from the shipping, marine services & others division due to reason mentioned in paragraph B1.

## B3. Prospects for the Current Financial Year

The Group expects stiff competition in the domestic and regional shipping industries due to oversupply of shipping spaces from various regional players. However, the logistics services, equipment rental and engineering divisions are expected to achieve a satisfactory result for the current financial year.

## B4. Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

## B5. Profit before tax

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Current Year** |  | **Current Year** |
|  | **Quarter** |  | **To-Date** |
|  | **31/03/2013** |  | **31/03/2013** |
|  | **RM'000** |  | **RM'000** |
|  |  |  |  |
| Income Before Taxation |  |  |  |
|  |  |  |  |
| Interest income | - |  | (120) |
| Allowance for impairment for receivables | 971 |  | 3,298 |
| Bad debts written off | 99 |  | 118 |
| Bad debts recovery | - |  | (19) |
| Depreciation of plant and equipment | 4,002 |  | 11,741 |
| Fair value adjustment to investment properties | 60 |  | 181 |
| Finance cost | 2,529 |  | 6,635 |
| Foreign exchange losses | 63 |  | 158 |
| Reversal of impairment for receivables | (539) |  | (2,202) |
| Amortisation of prepaid land lease | 224 |  | 890 |

## B6. Taxation

Taxation of the Group comprises the following:

**Current**

**period**

**end**

**31 March 2013**

**RM’000**

Current tax expense 6,641

Deferred tax expense 295

6,936

The effective tax rate of the Group for the current financial year was higher than the statutory tax rate of 25 per cent principally due to certain expenses not allowable for tax purposes and the non-recognition of deferred tax assets on unused tax losses in certain subsidiaries.

## B7. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investment and/or properties during the current quarter and financial period ended 31 March 2013.

## B8. Investment in Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter and financial period ended 31 March 2013.

## B9. Status of Corporate Proposal

There were no pending corporate proposals up to 15 May 2013, being the date not earlier than 7 days from the date of this announcement.

## B10. Group Borrowings and Debt Securities

The Group’s borrowings as at 31 March 2013 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Short Term** | **Long Term** | **Total** |
|  |  | **RM'000** | **RM'000** | **RM'000** |
| **Secured** |  |  |  |  |
| Term loan |  | 11,428 | 58,007 | 69,435 |
| Bank Overdraft |  | 8,179 | - | 8,179 |
| Finance Lease Liabilities |  | 13,516 | 21,410 | 34,926 |
|  |  | 33,123 | 79,417 | 112,540 |
|  |  |  |  |  |
| **Unsecured** |  |  |  |  |
| Bankers’ Acceptance |  | 25,269 | - | 25,269 |
|  |  | 58,392 | 79,417 | 137,809 |

The above borrowings are denominated in Ringgit Malaysia.

## B11. Off Balance Sheet Financial Instruments

During the financial period to-date, the Group did not enter into any contracts involving off balance sheet financial instruments. There are no financial instruments with off balance sheet risks as at 15 May 2013, being the date not earlier than 7 days from the date of this announcement.

## B12. Changes in Material Litigation

There are no changes in material litigation since the last annual balance sheet date till 15 May 2013 being the date not earlier than 7 days from the date of this announcement.

## B13. Dividend

No dividend was declared for the current quarter and financial period ended 31 March 2013.

## B14. Earnings per Share

**Basic earnings per share**

The basic earnings per share for the current quarter and financial period ended 31 March 2013 is calculated by dividing the Group’s profit for the period, net of tax, attributable to owner of the parent for the current quarter and financial period of RM5,466,000 and RM18,970,000 respectively by the number of ordinary shares in issue during the current quarter and financial period ended 31 March 2013 of 182,000,002.

**Current** **Financial**

**quarter ended period ends**

**31 March 2013 31 March 2013**

Profit net of tax attributable to

Owner of the parent (in RM) 5,466,000 18,970,000

***Number of ordinary share in issue***

Issued ordinary shares at beginning and end

of the quarter/year 182,000,002 182,000,002

Basic earnings per share (sen) 3.00 10.42

## B15. Provision of Financial Assistance

The financial assistance provided by the Company and its subsidiaries to its non wholly-owned subsidiaries as at 31 March 2013 pursuant to paragraph 8.23(1) of the Listing Requirements.

**31 March 2013 31 Dec 2012**

**RM’000 RM’000**

Corporate guarantees to financial institutions

for credit facilities granted to:

- non wholly-owned subsidiary companies 24,912 23,912

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The Provision of Financial Assistance will not have any material effect on the net assets, earnings per share, gearing, the share capital and substantial shareholders’ shareholding of Harbour-Link for the financial period ending 31 March 2013.

## B16. Realised and Unrealised Profits/Losses Disclosure

**As at As at**

**31 March 2013 30 June 2012**

**RM’000 RM’000**

Total retained profits of the Company and its

Subsidiaries:

- Realised 106,382 91,743

- Unrealised (9,624) (9,189)

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96,758 82,554

Total share of retained profits from associated

company:

- Realised 4,098 2,665

- Unrealised - -

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Total group retained profits as per consolidated

Accounts 100,856 85,219

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This announcement is dated 22 May 2013.