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

The audited financial statements of the Group for the year ended 30 June 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in the preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statement for the year ended 30 June 2012 except as discussed below:

1. Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, retrospectively to all the business combination since the Group’s first business combination, or prospectively from the date of transition or from a specific date prior to the date of transition. The Group has elected for full retrospective application of MFRS 3 which would require restatement of all business combinations prior to 1 July 2011.

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

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

In prior years, the Group has applied acquisition accounting method in preparing its consolidation accounts and fair value the net assets of its acquired subsidiaries, Harbour Link (M) Sdn. Bhd. (“HLM”), Harbour Agencies (Sarawak) Sdn. Bhd. (“HAS”) and Eastern Soldar Engineering & Construction Sdn. Bhd. (“ESEC”) and recognised goodwill of approximate of RM94.5 million. Under MFRS 3 Business Combination, HLM was deemed to be the accounting acquirer in the business combination. This transaction was therefore accounted for as a reverse acquisition of non trading shell company under MFRS 2. Accordingly, the consolidated financial statements of Harbour-Link Group Berhad have been prepared as a continuation of the consolidated financial statement of HLM. HLM as the deemed acquirer, has accounted for the acquisition of ESEC and HAS on 1 January 2004. As HLM and HAS are substantially owned by the substantial shareholder, Yong Piaw Soon . the Group has elected to account the acquisition of HAS under pooling of interest. The effects arising from the change are summarized as follows:

1. The classification of former business combinations under FRS which is acquisition method has been changed to reverse acquisition of non trading shell company under MFRS 2 and resulted reserve of RM67.852 million being recognised in statement of changes in equity;
2. There is re-measurement of original fair values determined at the date of acquisition of ESEC and recognised goodwill of RM25.545 million at the date of acquisition; and
3. The acquisition of HAS has been accounted under pooling of interest and resulted in merger deficit of RM22.470 million. The Group has elected to offset the merger deficit with the Group’s retained profits at the date of acquisition.

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

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

1. Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in other comprehensive income and accumulated the amount in a separate component of equity. Upon transition to MFRS, The Group has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM347,000 (30 June 2012 : RM347,000) 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 arising from the adoption of the MFRS framework. A reconciliation of these changes is summarized in the following tables.

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

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

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Under FRS Framework | Note A1.1(a) Reverse Acquisition | | Note A1.1(b)Foreign Currency translation reserve | | Under MFRS Framework |
| ASSETS | RM’000 | RM’000 | | RM’000 | | RM’000 |
| Non-current assets |  |  | |  | |  |
| Property, plant and equipment | 157,706 | 1,515 | | - | | 159,221 |
| Investment properties | 9,375 | 79 | | - | | 9,454 |
| Prepaid land lease payments | 45,451 | - | | - | | 45,451 |
| Intangible assets | 94,592 | (69,047) | | - | | 25,545 |
| 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 | (67,453) | | - | | 246,066 |
|  |  |  | | |  |  |
| 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 | - | | | - | 370,953 |
|  |  |  | | | |  |
| 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 | 399 | | | - | 8,007 |
| Loans and borrowings | 86,529 | - | | | - | 86,529 |
|  | 94,137 | 399 | | | - | 94,536 |
| TOTAL LIABILITIES | 184,636 | 399 | | | - | 185,035 |
| NET ASSETS | 253,770 | (67,852) | | | - | 185,918 |
|  |  |  | | | |  |

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

***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 | Note A1.1(a)Reverse Acquisition | | Note A1.1(b)Foreign Currency translation reserve | | | | Under MFRS Framework |
| Equity | RM’000 | RM’000 | | RM’000 | | | | RM’000 |
| Share capital | 182,000 | - | | | | |  | 182,000 |
| Retained earnings | 61,641 | (4,908) | | | | | 347 | 57,080 |
| Other reserves |  | (62,944) | | | | |  | (62,944) |
| Foreign currency translation reserve | 347 |  |  | | | (347) | | - |
| Equity attributable to owners of the parent | 243,988 | (67,852) | | | - | | | 176,136 |
| Non-controlling interests | 9,782 | - | | | - | | | 9,782 |
| TOTAL EQUITY | 253,770 | (67,852) | | | - | | | 185,918 |

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

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

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Under FRS Framework | Note A1.1(a)Reverse Acquisition | Note A1.1(b)Foreign Currency translation reserve | | | Under MFRS Framework |
| ASSETS | RM’000 | RM’000 | | | RM’000 | RM’000 |
| Non-current assets |  |  | | | |  |
| Property, plant and equipment | 164,726 | 1,480 | | - | | 166,206 |
| Investment properties | 9,987 | 78 | | - | | 10,065 |
| Prepaid land lease payments | 42,394 | - | | - | | 42,394 |
| Intangible assets | 94,592 | (69,047) | | - | | 25,545 |
| 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 | (67,489) | | - | | 250,541 |
|  |  |  | | | |  |
| 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 | - | | - | | 447,753 |
|  |  |  | | | |  |
| 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 | 2,621 | - | | - | | 2622 |
|  | 151,455 | - | | - | | 151,456 |
|  |  |  | | | |  |
| Non-current liabilities |  |  | | | |  |
| Deferred tax liabilities | 9,641 | 390 | | - | | 10,030 |
| Loans and borrowings | 75,907 | - | | - | | 75,907 |
|  | 85,548 | 390 | | - | | 85,937 |
| TOTAL LIABILITIES | 237,003 | 390 | | - | | 237,393 |
| NET ASSETS | 278,239 | (67,879) | | - | | 210,360 |

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

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

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

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Under FRS Framework | | | Note A1.1(a) Reverse Acquisition | | | Note A1.1(b)Foreign Currency translation reserve | | Under MFRS Framework |
| Equity | RM’000 | | | RM’000 | | |  | | RM’000 |
| Share capital | 182,000 | | | - | | |  | | 182,000 |
| Retained earnings | 85,119 | | | (4,834) | | | 347 | | 80,632 |
| Other reserves | |  | (62,944) | | | |  | (62,944) | |
| Foreign currency translation reserve | 259 | | |  | | (347) | | | (88) |
| Equity attributable to owners of the parent | 267,479 | | | (67,879) | - | | | | 199,600 |
| Non-controlling interests | 10,760 | | | - | | | | | 10,760 |
| TOTAL EQUITY | 278,239 | | | (67,879) | - | | | | 210,360 |

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

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

1. Reconciliation of Consolidated Income Statement for the 4th Quarter Ended 30th June 2012

|  |  |  |  |
| --- | --- | --- | --- |
|  | Under FRS Framework | Note A1.1(a) Reverse Acquisition | Under MFRS Framework |
|  | **RM’000** | **RM’000** | **RM’000** |
| Revenue | 128,953 |  | 128,953 |
| Cost of Sales | (110,213) |  | (110,213) |
| **Gross profit** | 18,740 |  | 18,740 |
|  |  |  |  |
| **Other items of income** |  |  |  |
| Other income | 3,148 |  | 3,148 |
|  |  |  |  |
| **Other items of expense** |  |  |  |
| Administrative and other expenses | (10,038) | (36) | (10,074) |
| Finance cost | (2,432) |  | (2,432) |
| Share of profit/(loss) of associates | 182 |  | 182 |
| Share of profit of jointly controlled | (32) |  | (32) |
|  |  |  |  |
| **Profit before tax** | 9,568 | (36) | 9,532 |
| Tax Expense | (2,374) | 9 | (2,365) |
| **Profit for the period** | 7,194 | (27) | 7,167 |
|  |  |  |  |
| Attributable to:: |  |  |  |
| **Owners of the Company** | 8,047 | (27) | 8,020 |
| Non-controlling interest | (853) | - | (853) |
|  | 7,194 | (27) | 7,167 |
|  |  |  |  |
| Basic Earnings per Share (sen) | 4.42 | (0.01) | 4.41 |

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

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

1. Reconciliation of Consolidated Statement of Comprehensive Income for the 4th Quarter Ended 30th June 2012

|  |  |  |  |
| --- | --- | --- | --- |
|  | Under FRS Framework | Note A1.1(a) Reverse Acquisition | Under MFRS Framework |
|  | **RM’000** | **RM’000** | **RM’000** |
| Profit for the period | 7,194 | (27) | 7,167 |
|  |  |  |  |
| Other comprehensive income: |  |  |  |
| Foreign currency translation | 215 | - | 215 |
|  |  |  |  |
| Total Comprehensive income for the period | 7,409 | (27) | 7,382 |
|  |  |  |  |
| Attributable to: |  |  |  |
| **Owner of the Company** | 8,262 | (27) | 8,235 |
| Non-controlling interest | (853) | - | (853) |
|  | 7,409 | (27) | 7,382 |

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

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

1. Reconciliation of Consolidated Income Statement for the Financial Year Ended 30th June 2012

|  |  |  |  |
| --- | --- | --- | --- |
|  | Under FRS Framework | Note A1.1(a) Reverse Acquisition | Under MFRS Framework |
|  | **RM’000** | **RM’000** | **RM’000** |
| Revenue | 472,973 |  | 472,973 |
| Cost of Sales | (414,902) |  | (414,902) |
| **Gross profit** | 58,071 |  | 58,071 |
|  |  |  |  |
| **Other items of income** |  |  |  |
| Other income | 12,500 |  | 12,500 |
|  |  |  |  |
| **Other items of expense** |  |  |  |
| Administrative and other expenses | (29,186) | (36) | (29,222) |
| Finance cost | (7,102) |  | (7,102) |
| Share of profit/(loss) of associates | 963 |  | 963 |
| Share of profit of jointly controlled | 20 |  | 20 |
|  |  |  |  |
| **Profit before tax** | 35,266 | (36) | 35,230 |
| Tax Expense | (9,230) | 9 | (9,221) |
| **Profit for the period** | 26,036 | (27) | 26,009 |
|  |  |  |  |
| Attributable to:: |  |  |  |
| **Owners of the Company** | 27,219 | (27) | 27,192 |
| Non-controlling interest | (1,183) | - | (1,183) |
|  | 26,036 | (27) | 26,009 |
|  |  |  |  |
| Basic Earnings per Share (sen) | 14.95 | (0.01) | 14.94 |

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

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

(iv) Reconciliation of Consolidated Statement of Comprehensive Income for the Financial Year Ended 30th June 2012

|  |  |  |  |
| --- | --- | --- | --- |
|  | Under FRS Framework  RM’000 | Note A1.1(a) Reverse Acquisition | Under MFRS Framework |
|  | **RM’000** | RM’000 | **RM’000** |
| Profit for the period | 26,036 | (27) | 26,009 |
|  |  |  |  |
| Other comprehensive income: |  |  |  |
| Foreign currency translation | (88) | - | (88) |
|  |  |  |  |
| Total Comprehensive income for the period | 25,948 | (27) | 25,921 |
|  |  |  |  |
| Attributable to: |  |  |  |
| **Owner of the Company** | 27,131 | (27) | 27,104 |
| Non-controlling interest | (1,183) | - | (1,183) |
|  | 25,948 | (27) | 25,921 |

***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.

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

## 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 |
|  |  |  |  |

|  |  |  |
| --- | --- | --- |
| 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.

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

## 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

The unusual items included in the interim financial statements for the twelve (12) months ended 30 June 2013 related mainly to the impairment losses on the Group’s goodwill. In accordance with MFRS 136: Impairment of Assets, the Group conducted its annual impairment review during the fourth quarter ended 30th June 2013. Impairment loss is recognised when the carrying amount of the asset, at the point of review, exceeds its recoverable amount. Consequently, the Group recorded a total impairment loss of RM25.545 million during the financial year ended 30th June 2013 arising from impairment of goodwill from acquisition of one of the subsidiaries. These impairment is due to previously the recoverable amount is determined based on value-in-use calculation using pre-tax cash flow projections whereby the discounting rate is based on 12% for the current year under review as compared to 9% for the preceding year. The carrying amount of the goodwill has exceeded its recoverable amount due to higher discounted rate is used due to higher risk perceived.

## 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 year 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 year ended 30 June 2013.

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

## A8. Dividend Paid

No dividend was paid in the current quarter.

A first and final dividend of 2.0 sen net per ordinary share of RM1.00 each for the financial year ended 30 June 2012 amounting to RM3,640,000 (2011: RM3,640,000) was paid on 21 December 2012.

## 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** | | |  | |  | |  | |  | |
| **30 June 2013** | **& others** |  |  | **rental** | | |  | | | **contract** | | |  | | **Elimination** | |  | | **Total** | |
|  | **RM’000** |  |  | **RM’000** | | |  | | | **RM’000** | | |  | | **RM’000** | |  | | **RM’000** | |
| **REVENUE** |  |  |  |  | | |  | | |  | | |  | |  | |  | |  | |
| Revenue from external sales | 244,020 |  |  | 138,067 | | |  | | | 51,110 | | |  | | - | |  | | 433,197 | |
| Inter-segment sales | 10,164 |  |  | 8,492 | | |  | | |  | | |  | | (18,656) | |  | | - | |
|  | 254,184 |  |  | 146,559 | | |  | | | 51,110 | | |  | | (18,656) | |  | | 433,197 | |
|  |  |  |  |  |  | | |  | | |  |  | |  | | | | | |
| **RESULTS** |  |  |  |  | |  | | |  | | | |  | |  |  | |  | | |
| Profit before taxation from the normal operation | 9,568 |  |  | 25,218 | |  | | | 8,134 | | | |  | | - |  | | 42,920 | | |
| Goodwill Impairment |  |  |  |  | |  | | | (25,545) | | | |  | |  |  | | (25,545) | | |
|  |  |  |  |  | |  | | |  | | | |  | |  |  | |  | | |
|  |  |  |  |  | |  | | |  | | | |  | |  |  | |  | | |
| Profit before taxation |  |  |  |  | |  | | |  | | | |  | |  |  | |  | | |
| includes: |  |  |  |  | |  | | |  | | | |  | |  |  | |  | | |
| Amortisation | 889 |  |  | 20 | |  | | | - | | | |  | | - |  | | 909 | | |
| Fair value adjustment to investment properties | 53 |  |  | 145 | |  | | | 18 | | | |  | | - |  | | 216 | | |
| Depreciation | 5,761 |  |  | 9,714 | |  | | | 1,607 | | | |  | | - |  | | 17,082 | | |
| Finance Cost | 3,910 |  |  | 3,852 | |  | | | 165 | | | |  | |  |  | | 7,927 | | |
| Reversal of Impairment of trade receivables | (1,456) |  |  | (1,781) | |  | | | - | | | |  | | - |  | | (3,237) | | |
| Impairment of trade receivables | 1,765 |  |  | 3,285 | |  | | | - | | | |  | | - |  | | 5,050 | | |
| Bad debts recovered | - |  |  | (10) | |  | | | - | | | |  | | - |  | | (10) | | |
| Bad debt written off | - |  |  | 90 | |  | | | - | | | | - | | - |  | | 90 | | |
| Goodwill Impairment |  |  |  |  | |  | | | 25,545 | | | |  | |  |  | | 25,545 | | |
| Share of profits in jointly controlled entities and associates | (712) |  |  | (491) | |  | | | - | | | |  | | - |  | | (1,203) | | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SEGMENT ASSETS** | 178,773 |  | 211,796 |  | 72,373 |  | (18,453) |  | 444,489 |
| Deferred tax assets | 562 |  | 382 |  | - |  | - |  | 944 |
| **TOTAL ASSETS** | 179,335 |  | 212,178 |  | 72,373 |  | (18,453) |  | 445,433 |

## 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** |  |  |  |  |
| **30 June 2013** | **& others** |  |  | **rental** |  | **contract** |  | **Elimination** |  | **Total** |
|  | **RM’000** |  |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |
| **Included in measure of segment assets are :** |  |  |  |  |  |  |  |  |  |
| Investment in associates | 3,116 |  | - |  | - |  | - |  | 3,116 |
| Investment in jointly controlled entities | - |  | 3,073 |  | - |  | - |  | 3,073 |
| Additional to property, plant and equipment | 4,044 |  | 7,296 |  | 10,805 |  | - |  | 22,145 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |
| **SEGMENT LIABILITIES** | 94,975 |  | 120,268 |  | 20,753 |  | (18,453) |  | 217,543 |
| Deferred tax liabilities | 2,669 |  | 7,116 |  | 1,046 |  | - |  | 10,831 |
| **TOTAL LIABILITIES** | 97,644 |  | 127,384 |  | 21,799 |  | (18,453) |  | 228,374 |

## 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** |  |  |  |  |
| **30th June 2012** |  | **& others** |  | **rental** |  | **contract** |  | **Elimination** |  | **Total** |
| **REVENUE** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |
| Revenue from external sales |  | 239,299 |  | 154,762 |  | 78,912 |  |  |  | 472,973 |
| Inter-segment sales |  | 8,347 |  | 9,627 |  |  |  | (17,974) |  |  |
|  |  | 247,646 |  | 164,389 |  | 78,912 |  | (17,974) |  | 472,973 |
| **RESULTS** |  |  |  |  |  |  |  |  |  |  |
| Profit before taxation (restated) |  | 9,090 |  | 23,872 |  | 2,268 |  | - |  | 35,230 |
|  |  |  |  |  |  |  |  |  |  |  |
| Profit before taxation |  |  |  |  |  |  |  |  |  |  |
| includes: |  |  |  |  |  |  |  |  |  |  |
| Amortisation prepaid land lease |  | 285 |  | 20 |  |  |  |  |  | 305 |
| Fair value adjustment to investment properties |  | 52 |  | 145 |  | 19 |  |  |  | 216 |
| Depreciation |  | 6,162 |  | 8,585 |  | 756 |  | (30) |  | 15,473 |
| Finance Cost |  | 4,080 |  | 3,255 |  | 27 |  | (113) |  | 7,249 |
| Reversal of Impairment of trade receivables |  | (938) |  | (2,950) |  | (0) |  |  |  | (3,888) |
| Impairment of trade receivables |  | 1,023 |  | 3,028 |  | 0.00 |  |  |  | 4,051 |
| Bad debt recovered |  | (93) |  | (60.00) |  | 0.00 |  |  |  | (153) |
| Bad debt written off |  | 308 |  | 601 |  | 0.00 |  |  |  | 909 |
| Share of profits in jointly controlled entities and associates |  | (960) |  | (23) |  |  |  |  |  | (983) |
| **SEGMENT ASSETS** |  | 173,221 |  | 228,757 |  | 53,255 |  | (7,926) |  | 447,307 |
| Deferred tax assets |  | 287 |  | 159 |  |  |  |  |  | 446 |
| **TOTAL ASSETS** |  | 173,508 |  | 228,916 |  | 53,255 |  | (7,926) |  | 447,753 |
| **Included in measure of segment assets are :** |  |  |  |  |  |  |  |  |  |  |
| Investment in associates |  | 2,404 |  | 246 |  |  |  |  |  | 2,650 |
| Investment in jointly controlled entities |  |  |  | 2,583 |  |  |  |  |  | 2,583 |
| Additional to property, plant and equipment |  | 10,892 |  | 19,291 |  | 1,180 |  | 1,073 |  | 32,436 |
| **SEGMENT LIABILITIES** |  | 88,550 |  | 150,437 |  | 7,703 |  | (19,327) |  | 227,363 |
| Deferred tax liabilities |  | 2,685 |  | 6,004 |  | 1,341 |  | - |  | 10,030 |
| **TOTAL LIABILITIES** |  | 91,235 |  | 156,441 |  | 9,044 |  | (19,327) |  | 237,393 |

## 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 23 August 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 financial year ended 30 June 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 23 August 2013, being the date not earlier than 7 days from the date of this announcement, are as follows:

**23 August 2013 30 June 2012**

**RM’000 RM’000**

Corporate guarantees to financial institutions

for credit facilities granted to:

- Subsidiary companies 305,222 216,516

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## A14. Capital Commitments

**30 June 2013 30 June 2012**

**RM’000 RM’000**

Capital expenditure

Authorised and contracted for 7,928 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**

**30 June 2013 30 June 2013**

**RM’000 RM’000**

Transaction with companies in which

Certain Directors of the Company have

substantial interests

Sales of goods and services 168 13

Purchase of goods and services 479 (397)

## 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**

**financial year year ended ended**

**30 June 2013 30 June 2012**

**RM’000 RM’000**

Revenue 433,197 472,973

Profit before taxation 17,375 35,230

The Group posted revenue of RM433.197 million for the current financial year ended 30 June 2013, which is RM39.776 million or 8.41% lower than the preceding year of RM472.973 million. The profit before tax for the current financial year ended 30 June 2013, which is RM17.375 million or 50.68% lower than the preceding year of RM35.230 million. The lower profit before taxation was mainly due to impairment of goodwill of RM25.545 million as mentioned in Part A5 above.

The shipping, marine services & others division recorded revenue of RM244.020 million which is RM4.721 million or 1.97% higher than the preceding year of RM239.299 million. The profit before tax for the current year is RM9.568 million which is RM0.478 million higher than the preceding year of RM9.090 million. The marginal increase in revenue and profit is due to the increase in cargo volume.

The logistics services and equipment rental division recorded revenue of RM138.067 million and profit before tax of RM25.218 million as compared to the preceding year of RM154.762 million and RM23.872 million respectively. The decrease in revenue is mainly due to the completion of one of the major deliveries and commissioning of the port equipments projects. However, the decrease in revenue was partly compensated by the substantial increase in the logistics and equipment rental businesses. This has resulted in higher profit for the year because of its higher profit margin.

The engineering contract division recorded a revenue of RM51.11 million and profit before tax of RM8.134 million as compared to the revenue of the preceding year of RM78.912 million and profit before tax of RM2.268 million respectively. The lower revenue is mainly due to most of the major projects have been completed. The higher profit was achieved because most of the profit was recognized at the tail end of the projects.

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

## B2. Comparison with Preceding Quarter’s Results

**Current Preceding**

**quarter ended quarter ended**

**30 June 2013 31 March 2013**

**RM’000 RM’000**

Revenue 118,791 102,624

(Loss)/Profit before taxation (8,072) 6,828

The Group posted an increase in revenue of RM16.167 million or 15.75% in the current quarter ended 30 June 2013 of RM118.791 million as compared to RM102.624 million in the most recent preceding quarter ended 31 March 2013. The increase in the revenue is mainly from engineering contract division.

The Group has registered a loss before taxation of RM8.072 million in the current quarter ended 30 June 2013 as compared to a profit before taxation of RM6.828 million in the most recent preceding quarter mainly from the due to reason mentioned in paragraph B1.

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

## B3. Prospects

The Group expects a continuous competitive environment in the domestic and regional shipping and engineering industries. However, the logistics services and equipment rental divisions are expected to achieve a satisfactory result.

## 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** |
|  | **30/06/2013** |  | **30/06/2013** |
|  | **RM'000** |  | **RM'000** |
|  |  |  |  |
| Income Before Taxation |  |  |  |
|  |  |  |  |
| Interest income | (300) |  | (420) |
| Allowance for impairment for receivables | 1,752 |  | 5,050 |
| Bad debts written off | - |  | 90 |
| Bad debts recovery | - |  | (10) |
| Depreciation of plant and equipment | 5,341 |  | 17,082 |
| Fair value adjustment to investment properties | 35 |  | 216 |
| Finance cost | 1,292 |  | 7,927 |
| Foreign unrealised exchange loss | 136 |  | 294 |
| Reversal of impairment for receivables | (1,035) |  | (3,237) |
| Amortisation of prepaid land lease | 19 |  | 909 |
| Goodwill impairment | 25,545 |  | 25,545 |

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

## B6. Taxation

Taxation of the Group comprises the following:

**Current**

**year**

**end**

**30 June 2013**

**RM’000**

Current tax expense 10,485

Deferred tax expense 302

10,787

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 year ended 30 June 2013.

## B8. Investment in Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter and financial year ended 30 June 2013.

## B9. Status of Corporate Proposal

There were no pending corporate proposals up to 23 August 2013, being the date not earlier than 7 days from the date of this announcement.

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

## B10. Group Borrowings and Debt Securities

The Group’s borrowings as at 30 June 2013 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Short Term** | **Long Term** | **Total** |
|  |  | **RM'000** | **RM'000** | **RM'000** |
| **Secured** |  |  |  |  |
| Term loan |  | 10,476 | 56,081 | 66,557 |
| Bank Overdraft |  | 11,645 | - | 11,645 |
| Finance Lease Liabilities |  | 14,252 | 22,748 | 37,000 |
|  |  | 36,373 | 78,829 | 115,202 |
|  |  |  |  |  |
| **Unsecured** |  |  |  |  |
| Bankers’ Acceptance |  | 31,930 | - | 31,930 |
|  |  | 68,303 | 78,829 | 147,132 |

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 23 August 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 23 August 2013 being the date not earlier than 7 days from the date of this announcement.

## B13. Dividend

The Board of Directors proposed to declare a first and final tax exempt (single – tier) dividend of 2.5 sen net per ordinary share of RM1.00 each for the financial year ended 30 June 2013 amounting to RM4,550,000 (2012: RM3,640,000).

The proposed dividend is subject to shareholder's approval at the forthcoming 11th Annual General Meeting to be held on a date to be announced later. The date for the book closure of the Record of Depositors for determining dividend entitlement and the date of the payment will be announced at a later date.

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

## B14. Earnings per Share

**Basic earnings per share**

The basic earnings per share for the current quarter and financial year ended 30 June 2013 is calculated by dividing the Group’s (loss)/profit for the period, net of tax, attributable to owner of the parent for the current quarter and financial year of (RM13,597,000) and RM5,372,000 respectively by the number of ordinary shares in issue during the current quarter and financial year ended 30 June 2013 of 182,000,002.

**Current** **Financial**

**quarter ended year ends**

**30 June 2013 30 June 2013**

(Loss)/Profit net of tax attributable to

Owner of the parent (in RM) (13,597,000) 5,372,000

***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) (7.47) 2.95

## B15. Provision of Financial Assistance

The financial assistance provided by the Company and its subsidiaries to its non wholly-owned subsidiaries as at 30 June 2013 pursuant to paragraph 8.23(1) of the Listing Requirements.

**30 June 2013 31 March 2013**

**RM’000 RM’000**

Corporate guarantees to financial institutions

for credit facilities granted to:

- non wholly-owned subsidiary companies 33,368 24,912

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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 30 June 2013.

## B16. Realised and Unrealised Profits/Losses Disclosure

**As at As at**

**30 June 2013 30 June 2012**

**RM’000 RM’000**

Total retained profits of the Company and its

Subsidiaries:

- Realised 26,373 23,864

- Unrealised (11,125) (8,841)

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15,248 15,023

Total share of retained profits from associated

company:

- Realised 4,132 2,665

- Unrealised - -

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Total group retained profits as per consolidated

Accounts 19,380 17,688

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This announcement is dated 30 August 2013.