

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

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

A1. *Basis of Preparation*

The condensed consolidation interim financial statements of the Group for the period ended 30 September 2013, have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) 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.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30th June 2013 except for the adoption of the following new standards an amendments to standards issued by Malaysian Accounting Standards Board (“MASB”) that are mandatory for the Group for the financial year beginning on 1st July 2013:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 127	Separate Fianncial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009 – 2011 Cycle)
Amendments to MFRS 132	Financial Instruments : Presentation (Annual Improvements 2009 – 2011 Cycle)
Amendments to MFRS134	Financial Instruments Reporting (Annual Improvements 2009 – 2011 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements : Transition Guidance
Amendments to MFRS 11	Joint Arrangements : Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities : Transition Guidance

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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 2013 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
Amendments to MFRS 10, 12 and 127	Investment Entities	1 January 2014
Amendment to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosure for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuance of Hedge Accounting	1 January 2014

The adoption of the above MFRS and amendments to MFRS, when they become effective, 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 2013 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 Cyclical of Interim Operations*

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

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

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual in nature, size or incidence during current quarter and financial period ended 30 September 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 30 September 2013.

A8. Dividend Paid

No dividend was paid in the current quarter and financial period ended 30 September 2013.

At the Annual General Meeting held on 26th November 2013, the shareholders have approved the first and final tax exempt (single-tier) dividend in respect of the financial year ended 30th June 2013, of 2.5 sen on 182,000,002 ordinary shares amounting to a dividend payable of RM4,550,000.

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A9. Segment Information

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

Financial year to date 30 September 2013	Shipping, marine service & others	Logistics Services & equipment rental	Engineering contract	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
Revenue from external sales	61,923	48,609	24,829	-	135,361
Inter-segment sales	14,126	4,138		(18,264)	-
	<u>76,049</u>	<u>52,747</u>	<u>24,829</u>	<u>(18,264)</u>	<u>135,361</u>
RESULTS					
Profit before taxation from the normal operation	2,840	6,542	2,887	329	12,598
Profit before taxation includes:					
Amortisation	163	5	-	-	168
Fair value adjustment to investment properties	22	36	5	-	63
Depreciation	1,655	2,613	109	-	4,377
Finance Cost	974	856	44	-	1,874
Reversal of Impairment of trade receivables	(306)	(387)	-	-	(693)
Impairment of trade receivables	119	1,243	-	-	1,362
Bad debts recovered	-	-	-	-	-
Bad debt written off	-	-	-	-	-
Share of profits in jointly controlled entities and associates	(333)	(300)	-	-	(33)
SEGMENT ASSETS	175,742	210,011	78,913	(17,617)	447,049
Deferred tax assets	543	523	-	-	1,066
TOTAL ASSETS	<u>176,285</u>	<u>210,534</u>	<u>78,913</u>	<u>(17,617)</u>	<u>448,115</u>

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A9. Segment Information (Cont'd)

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

<u>Financial year to date</u> <u>30 September 2013</u>	Shipping, marine service & others	Logistics Services & equipment rental	Engineering contract	Elimination	Total
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Included in measure of segment assets are :					
Investment in associates	3,363	-	-	-	3,363
Investment in jointly controlled entities	-	2,773	-	-	2,773
Additional to property, plant and equipment	1,115	85	2,817	-	4,017
SEGMENT LIABILITIES	84,934	117,525	25,747	(17,617)	210,589
Deferred tax liabilities	<u>2,877</u>	<u>7,277</u>	<u>1,044</u>	<u>-</u>	<u>11,198</u>
TOTAL LIABILITIES	<u>87,811</u>	<u>124,802</u>	<u>26,791</u>	<u>(17,617)</u>	<u>221,787</u>

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A9. Segment Information (Cont'd)

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

30 September 2012	Shipping, marine service & others	Logistics Services & equipment rental	Engineering contract	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
Revenue from external sales	59,754	32,941	8,101		100,796
Inter-segment sales	7,540	4,808		(12,348)	-
	<u>67,294</u>	<u>37,749</u>	<u>8,101</u>	<u>(12,348)</u>	<u>100,796</u>
RESULTS					
Profit before taxation	1,316	7,849	321	298	9,784
Profit before taxation includes:					
Amortisation	438	5	-	-	443
Fair value adjustment to investment properties	20	36	5	-	61
Depreciation	1,366	2,311	142	-	3,819
Finance Cost	1,229	751	11	-	1,991
Reversal of Impairment of trade receivables	(186)	(274)	-	-	(460)
Impairment of trade receivables	768	422	-	-	1,190
Bad debts recovered	-	(19)	-	-	(19)
Bad debt written off	10	5	-	-	15
Share of profits in jointly controlled entities and associates	(290)	(108)	-	-	(398)
SEGMENT ASSETS	249,451	221,677	53,850	(17,417)	507,561
Deferred tax assets	636	294	-	-	930
TOTAL ASSETS	<u>250,087</u>	<u>221,971</u>	<u>53,850</u>	<u>(17,417)</u>	<u>508,491</u>
Included in measure of segment assets are :					
Investment in associates	2,694	248	-	-	2,942
Investment in jointly controlled entities	-	2,688	-	-	2,688
Additional to property, plant and equipment	3,305	1,055	2,921	-	7,281
SEGMENT LIABILITIES	85,267	135,135	8,127	(17,417)	211,112
Deferred tax liabilities	2,612	7,589	789	-	10,990
TOTAL LIABILITIES	<u>87,879</u>	<u>142,724</u>	<u>8,916</u>	<u>(17,417)</u>	<u>222,102</u>

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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 2013.

A11. Significant Post Balance Sheet Event

There are no material events as at 20 November 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

There were no changes in the composition of the Group in the current quarter and financial period ended 30th September 2013.

A13. Contingent Liabilities

Changes in contingent liabilities since the last annual balance sheet date to 20 November 2013, being the date not earlier than 7 days from the date of this announcement, are as follows:

	20 November 2013	30 June 2013
	RM'000	RM'000
Corporate guarantees to financial institutions for credit facilities granted to:		
- Subsidiary companies	165,242	178,688
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A14. Capital Commitments

	30 Sept 2013 RM'000	30 June 2013 RM'000
Capital expenditure		
Authorised and contracted for	9,246	192
	<u> </u>	<u> </u>

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 Quarter To date 30 Sept 2013 RM'000	Balance due from/(to) As at 30 Sept 2013 RM'000
Transaction with companies in which Certain Directors of the Company have substantial interests		
Sales of goods and services	88	98
Purchase of goods and services	644	(562)
	<u> </u>	<u> </u>

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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 financial period ended 30 Sept 2013 RM'000	Preceding year corresponding period ended 30 Sept 2012 RM'000
Revenue	135,361	100,796
Profit before taxation	12,598	9,784

The Group posted revenue of RM135.361 million for the current quarter ended 30 September 2013, which is RM34.565 million or 34.29% higher than the corresponding quarter of the preceding year of RM100.796 million. The profit before tax for the current quarter ended 30 September 2013, which is RM12.598 million or 28.76% higher than corresponding quarter of the preceding year of RM9.784 million.

The shipping, marine services & others division recorded revenue of RM61.923 million which is RM2.169 million or 3.63% higher than the corresponding quarter of the preceding year of RM59.754 million. The profit before tax for the current quarter is RM2.840 million which is RM1.524 million higher than the corresponding quarter of the preceding year of RM1.316 million. The increase in revenue and profit is due to the increase in cargo volume.

The logistics services and equipment rental division recorded revenue of RM48.609 million and profit before tax of RM6.542 million for the current quarter as compared to the corresponding quarter of the preceding year of RM32.941 million and RM7.849 million respectively. The increase in revenue is mainly due to the completion of one of the major deliveries of the port equipments projects. However, the decrease in profit before tax of RM1.307 million is due to the deliveries and commissioning of the port equipment projects are at the beginning stage and profit will be recognized upon the tail end of the projects.

The engineering contract division recorded a revenue of RM24.829 million and profit before tax of RM2.887 million for the current quarter as compared to the revenue of the corresponding quarter of the preceding year of RM8.101 million and profit before tax of RM0.321 million respectively. The higher revenue and profit was achieved due to most of the major projects have been completed.

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

B2. Comparison with Preceding Quarter's Results

	Current quarter ended 30 Sept 2013 RM'000	Preceding quarter ended 30 June 2013 RM'000
Revenue	135,361	118,791
Profit/(Loss) before taxation	12,598	(8,072)

The Group posted an increase in revenue of RM16.570 million or 13.95% in the current quarter ended 30 September 2013 of RM135.361 million as compared to RM118.791 million in the most recent preceding quarter ended 30 June 2013. The increase in the revenue is mainly from logistics services & equipment rental division due to reason mentioned in paragraph B1.

The Group has registered a profit before taxation of RM12.598 million in the current quarter ended 30 September 2013 as compared to a loss before taxation of RM8.072 million in the most recent preceding quarter.

B3. Prospects

The Group expects stiff competition in the domestic and regional shipping industries due to oversupply of shipping spaces from various regional players. However, in 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.

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

B5. Profit before tax

	Current Year Quarter 30/09/2013 <u>RM'000</u>	Current Year To-Date 30/09/2013 <u>RM'000</u>
Income Before Taxation		
Interest income	(149)	(149)
Allowance for impairment for receivables	1,362	1,362
Bad debts written off	-	-
Bad debts recovery	-	-
Depreciation of plant and equipment	4,377	4,377
Fair value adjustment to investment properties	63	63
Finance cost	1,874	1,874
Foreign unrealised exchange gain	(305)	(305)
Reversal of impairment for receivables	(693)	(693)
Amortisation of prepaid land lease	168	168
	<u> </u>	<u> </u>

B6. Taxation

Taxation of the Group comprises the following:

	Current period ended 30 Sept 2013 RM'000
Current tax expense	3,192
Deferred tax expense	248
	<u> </u>
	<u>3,440</u>

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.

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

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 30 September 2013.

B8. Investment in Quoted Securities

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

B9. Status of Corporate Proposal

There were no pending corporate proposals up to 20 November 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 30 September 2013 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
Term loan	9,771	54,795	64,566
Bank Overdraft	6,433	-	6,433
Finance Lease Liabilities	15,403	28,376	43,779
	<u>31,607</u>	<u>83,171</u>	<u>114,778</u>
Unsecured			
Bankers' Acceptance	11,568	-	11,568
	<u>43,175</u>	<u>83,171</u>	<u>126,346</u>

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 20 November 2013, being the date not earlier than 7 days from the date of this announcement.

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

B12. Changes in Material Litigation

There are no changes in material litigation since the last annual balance sheet date till 20 November 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 30 September 2013.

B14. Earnings per Share

Basic earnings per share

The basic earnings per share for the current quarter and financial period ended 30 September 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 RM8,752,000 and RM8,752,000 respectively by the number of ordinary shares in issue during the current quarter and financial period ended 30 September 2013 of 182,000,002.

	Current quarter ended 30 Sept 2013	Financial period ends 30 Sept 2013
Profit net of tax attributable to Owner of the parent (in RM)	8,752,000	8,752,000
<i>Number of ordinary share in issue</i>		
Issued ordinary shares at beginning and end of the quarter/year	182,000,002	182,000,002
Basic earnings per share (sen)	4.81	4.81

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B15. Provision of Financial Assistance

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

	30 Sept 2013	30 June 2013
	RM'000	RM'000
Corporate guarantees to financial institutions for credit facilities granted to:		
- non wholly-owned subsidiary companies	34,659	33,368
	=====	=====

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 September 2013.

B16. Realised and Unrealised Profits/Losses Disclosure

	As at	As at
	30 Sept 2013	30 June 2013
	RM'000	RM'000
Total retained profits of the Company and its Subsidiaries:		
- Realised	96,642	88,688
- Unrealised	(9,502)	(10,267)
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	87,140	78,421
Total share of retained profits from associated company:		
- Realised	3,813	3,780
- Unrealised	-	-
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Total group retained profits as per consolidated Accounts	90,953	82,201
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This announcement is dated 27th November 2013.