

# 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 31 December 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 30<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> July 2013 unless other stated:

|                                   |   | Effective for<br>annual periods<br>beginning on or<br>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 31 December 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 period 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 December 2013.

### ***A8. Dividend Paid***

A first and final 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) was paid on 20 December 2013.

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## A9. Segment Information

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

| <b>Financial year to date</b><br><b>31 December 2013</b>       | <b>Shipping,<br/>marine<br/>service<br/>&amp; others</b> | <b>Logistics<br/>Services<br/>&amp; equipment<br/>rental</b> | <b>Engineering<br/>contract</b> | <b>Elimination</b> | <b>Total</b>   |
|--|--|--|---------------------------------|--------------------|----------------|
|  | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>                   | <b>RM'000</b>      | <b>RM'000</b>  |
| <b>REVENUE</b>   |  |  |                                 |                    |                |
| Revenue from external sales                                    | 115,864  | 80,447   | 46,821                          | -                  | 243,132        |
| Inter-segment sales  | 27,410   | 7,803  |                                 | (35,213)           | -              |
|  | <u>143,274</u>   | <u>88,250</u>  | <u>46,821</u>                   | <u>(35,213)</u>    | <u>243,132</u> |
| <b>RESULTS</b>   |  |  |                                 |                    |                |
| Profit before taxation from the normal operation               | 4,094  | 12,162   | 5,702                           | 24                 | 21,982         |
| Profit before taxation includes:                               |  |  |                                 |                    |                |
| Amortisation   | 321  | 10   | -                               | -                  | 331            |
| Fair value adjustment to investment properties                 | 46   | 72   | 9                               | -                  | 127            |
| Depreciation   | 3,432  | 5,225  | 216                             | -                  | 8,873          |
| Finance Cost   | 1,893  | 1,729  | 83                              | -                  | 3,705          |
| Reversal of Impairment of trade receivables                    | (582)  | (2,041)  | (91)                            | -                  | (2,714)        |
| Impairment of trade receivables                                | 522  | 1,888  | -                               | -                  | 2,410          |
| Bad debts recovered  | -  | -  | -                               | -                  | -              |
| Bad debt written off   | -  | 70   | -                               | -                  | 70             |
| Share of profits in jointly controlled entities and associates | (29)   | 267  | -                               | -                  | 238            |
| <b>SEGMENT ASSETS</b>  | 180,455  | 202,927  | 80,392                          | (21,212)           | 442,562        |
| Deferred tax assets  | 888  | 382  | -                               | -                  | 1,270          |
| <b>TOTAL ASSETS</b>  | <u>181,343</u>   | <u>203,309</u>   | <u>80,392</u>                   | <u>(21,212)</u>    | <u>443,832</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><br><u>31 December 2013</u> | <b>Shipping,<br/>marine<br/>service<br/>&amp; others</b> | <b>Logistics<br/>Services<br/>&amp; equipment<br/>rental</b> | <b>Engineering<br/>contract</b> | <b>Elimination</b> | <b>Total</b>   |
|--|--|--|---------------------------------|--------------------|----------------|
|  | <u>RM'000</u>  | <u>RM'000</u>  | <u>RM'000</u>                   | <u>RM'000</u>      | <u>RM'000</u>  |
| <b>Included in measure of segment assets are :</b>       |  |  |                                 |                    |                |
| Investment in associates                                 | 3,059  | -  | -                               | -                  | 3,059          |
| Investment in jointly controlled entities                | -  | 2,806  | -                               | -                  | 2,806          |
| Additional to property, plant and equipment              | 7,561  | 218  | 3,279                           | -                  | 11,058         |
| <b>SEGMENT LIABILITIES</b>                               | 100,717  | 99,237   | 24,959                          | (21,212)           | 203,701        |
| Deferred tax liabilities                                 | 3,002  | 7,621  | 1,044                           | -                  | 11,667         |
| <b>TOTAL LIABILITIES</b>                                 | <u>103,719</u>   | <u>106,858</u>   | <u>26,003</u>                   | <u>(21,212)</u>    | <u>215,368</u> |

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## A9. Segment Information

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

| <b>Financial year to date</b><br><b>31 December 2012</b>          | <b>Shipping,<br/>marine<br/>service<br/>&amp; others</b><br><b>RM'000</b> | <b>Logistics<br/>Services<br/>&amp; equipment<br/>rental</b><br><b>RM'000</b> | <b>Engineering<br/>contract</b><br><b>RM'000</b> | <b>Elimination</b><br><b>RM'000</b> | <b>Total</b><br><b>RM'000</b> |
|---|---|---|--|-------------------------------------|-------------------------------|
| <b>REVENUE</b>  |   |   |  |                                     |                               |
| Revenue from external sales                                       | 113,054   | 82,168  | 16,560   |                                     | 211,782                       |
| Inter-segment sales   | 17,507  | 10,560  |  | (28,067)                            | -                             |
|   | <u>130,561</u>  | <u>92,728</u>   | <u>16,560</u>                                    | <u>(28,067)</u>                     | <u>211,782</u>                |
| <b>RESULTS</b>  |   |   |  |                                     |                               |
| Profit before taxation  | 5,097   | 13,972  | (639)  | 189                                 | 18,619                        |
| Profit before taxation<br>includes:                               |   |   |  |                                     |                               |
| Amortisation  | 656   | 10  | -  | -                                   | 666                           |
| Fair value adjustment to<br>investment properties                 | 40  | 72  | 9  | -                                   | 121                           |
| Depreciation  | 2,761   | 4,714   | 264  | -                                   | 7,739                         |
| Finance Cost  | 2,372   | 1,681   | 53   | -                                   | 4,106                         |
| Reversal of Impairment of trade<br>receivables                    | (835)   | (829)   | -  | -                                   | (1,664)                       |
| Impairment of trade receivables                                   | 1,300   | 1,027   | -  | -                                   | 2,327                         |
| Bad debts recovered   | -   | (19)  | -  | -                                   | (19)                          |
| Bad debt written off  | -   | 19  | -  | -                                   | 19                            |
| Share of profits in jointly<br>controlled entities and associates | (602)   | (320)   | -  | -                                   | (922)                         |
| <b>SEGMENT ASSETS</b>   | <u>262,076</u>  | <u>200,211</u>  | <u>55,281</u>                                    | <u>(20,024)</u>                     | <u>497,544</u>                |
| Deferred tax assets   | -   | 915   | -  | -                                   | 915                           |
| <b>TOTAL ASSETS</b>   | <u>262,076</u>  | <u>201,126</u>  | <u>55,281</u>                                    | <u>(20,024)</u>                     | <u>498,459</u>                |
| <b>Included in measure of segment<br/>assets are :</b>            |   |   |  |                                     |                               |
| Investment in associates  | 3,006   | -   | -  | -                                   | 3,006                         |
| Investment in jointly controlled<br>entities                      | -   | 2,902   | -  | -                                   | 2,902                         |
| Additional to property, plant and<br>equipment                    | 3,029   | 1,898   | 2,623  | -                                   | 7,550                         |
| <b>SEGMENT LIABILITIES</b>  | <u>95,920</u>   | <u>111,238</u>  | <u>10,817</u>                                    | <u>(20,024)</u>                     | <u>197,951</u>                |
| Deferred tax liabilities  | 2,790   | 7,387   | 789  | -                                   | 10,966                        |
| <b>TOTAL LIABILITIES</b>  | <u>98,710</u>   | <u>118,625</u>  | <u>11,606</u>                                    | <u>(20,024)</u>                     | <u>208,917</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 17 February 2014, 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 31 December 2013.

## ***A13. Contingent Liabilities***

Changes in contingent liabilities since the last annual balance sheet date to 17 February 2014, being the date not earlier than 7 days from the date of this announcement, are as follows:

|  | <b>17 February 2014</b> | <b>30 June 2013</b> |
|--|-------------------------|---------------------|
|  | <b>RM'000</b>           | <b>RM'000</b>       |
| Corporate guarantees to financial institutions for credit facilities granted to: |                         |                     |
| - Subsidiary companies   | 172,966                 | 178,688             |
|  | =====                   | =====               |

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## A14. Capital Commitments

|                               | <b>31 Dec 2013</b><br><b>RM'000</b> | <b>30 Sept 2013</b><br><b>RM'000</b> |
|-------------------------------|-------------------------------------|--------------------------------------|
| Capital expenditure           |                                     |                                      |
| Authorised and contracted for | 6,662                               | 9,246                                |
|                               | <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.

|   | <b>Current</b><br><b>Qtr</b><br><b>To date</b><br><b>31 Dec 2013</b><br><b>RM'000</b> | <b>Balance due</b><br><b>from/(to)</b><br><b>As at</b><br><b>30 Dec 2013</b><br><b>RM'000</b> |
|---|---|---|
| Transaction with companies in which<br>Certain Directors of the Company have<br>substantial interests |   |   |
| Sales of goods and services   | 98  | 91  |
| Purchase of goods and services  | 421   | (474)   |
|   | <u>          </u>   | <u>          </u>   |



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

### 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<br>financial<br>period ended<br>31 Dec 2013<br>RM'000 | Preceding year<br>corresponding<br>period ended<br>31 Dec 2012<br>RM'000 |
|------------------------|---|--|
| Revenue                | 243,132   | 211,782  |
| Profit before taxation | 21,982  | 18,619   |

The Group posted revenue of RM243.132 million for the current period ended 31 December 2013, which is RM31.35 million or 14.80% higher than the corresponding period of the preceding year of RM211.782 million. The profit before tax for the current period ended 31 December 2013, which is RM21.982 million or 18.06% higher than corresponding period of the preceding year of RM18.619 million.

The shipping, marine services & others division recorded revenue of RM115.864 million which is RM2.810 million or 2.48% higher than the corresponding period of the preceding year of RM113.054 million. The profit before tax for the current period is RM4.094 million which is RM1.003 million lower than the corresponding period of the preceding year of RM5.097 million. The increase in revenue is due to the increase in cargo volume. However, the decrease in profit before tax is due to additional preliminary expenses incur for acquisition of additional vessel.

The logistics services and equipment rental division recorded revenue of RM80.447 million and profit before tax of RM12.162 million for the current period as compared to the corresponding period of the preceding year of RM82.168 million and RM13.972 million respectively. The decrease in revenue and profit before tax is mainly due to decrease of existing project cargo handling.

The engineering contract division recorded a revenue of RM46.821 million and profit before tax of RM5.702 million for the current period as compared to the revenue of the corresponding period of the preceding year of RM16.560 million and loss before tax of RM0.639 million respectively. The higher revenue and profit was achieved due to hitting significant billing milestones.

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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<br>quarter ended<br>31 Dec 2013<br>RM'000 | Preceding<br>quarter ended<br>30 Sept 2013<br>RM'000 |
|------------------------|---|--|
| Revenue                | 107,771   | 135,361  |
| Profit before taxation | 9,384   | 12,598   |

The Group posted a decrease in revenue of RM27.590 million or 20.38% in the current quarter ended 31 December 2013 of RM107.771 million as compared to RM135.361 million in the most recent preceding quarter ended 30 September 2013. The decrease in the revenue is mainly from logistics services & equipment rental division as per reason mentioned in paragraph B1.

The Group has registered a profit before taxation of RM9.384 million in the current quarter ended 31 December 2013 as compared RM12.598 million in the most recent preceding quarter as per reason mentioned in paragraph B1.

#### B3. Prospects

The Group expects the domestic and regional shipping industries to remain competitive.

The logistics services and equipment rental division is expected to remain challenging due to the competitive operating environment as well as increase in operating costs. However, the Group will continue to focus on providing value-added total logistics solutions.

The engineering division is expected to continue contributing positive to the Group in financial year 2014

#### B4. Profit Forecast or Profit Guarantee

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

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

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

#### B5. Profit before tax

|   | Current Year<br>Quarter<br>31/12/2013<br><u>RM'000</u> | Current Year<br>To-Date<br>31/12/2013<br><u>RM'000</u> |
|---|--|--|
| <b>Profit for the period is stated after charging/ (crediting):</b> |  |  |
| Interest income   | (204)  | (353)  |
| Allowance for impairment for receivables                            | 1,048  | 2,410  |
| Bad debts written off   | -  | -  |
| Bad debts recovery  | -  | -  |
| Depreciation of plant and equipment                                 | 4,496  | 8,873  |
| Fair value adjustment to investment properties                      | 63   | 127  |
| Finance cost  | 1,831  | 3,705  |
| Foreign unrealised exchange gain                                    | 2  | (303)  |
| Reversal of impairment for receivables                              | (2,021)  | (2,714)  |
| Amortisation of prepaid land lease                                  | 163  | 331  |
|   | <u>                    </u>                            | <u>                    </u>                            |

#### B6. Taxation

Taxation of the Group comprises the following:

|                      | Current<br>period<br>ended<br>31 Dec 2013<br>RM'000 |
|----------------------|---|
| Current tax expense  | 5,285   |
| Deferred tax expense | 514   |
|                      | <u>                    </u>                         |
|                      | <u>5,799</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.

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

### 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 31 December 2013.

#### *B8. Investment in Quoted Securities*

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

#### *B9. Status of Corporate Proposal*

There were no pending corporate proposals up to 17 February 2014, 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 December 2013 are as follows:

|                           | Short Term<br>RM'000 | Long Term<br>RM'000 | Total<br>RM'000 |
|---------------------------|----------------------|---------------------|-----------------|
| <b>Secured</b>            |                      |                     |                 |
| Term loan                 | 11,965               | 51,030              | 62,995          |
| Bank Overdraft            | 6,583                | -                   | 6,583           |
| Finance Lease Liabilities | 14,862               | 25,082              | 39,944          |
|                           | <u>33,410</u>        | <u>76,112</u>       | <u>109,522</u>  |
| <b>Unsecured</b>          |                      |                     |                 |
| Bankers' Acceptance       | 6,009                | -                   | 6,009           |
|                           | <u>39,419</u>        | <u>76,112</u>       | <u>115,531</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 17 February 2014, being the date not earlier than 7 days from the date of this announcement.

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

### 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 17 February 2014 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 December 2013.

#### ***B14. Earnings per Share***

##### **Basic earnings per share**

The basic earnings per share for the current quarter and financial period ended 31 December 2013 is calculated by dividing the Group's profit for the period, net of tax, attributable to owners of the parent for the current quarter and financial period of RM6,492,000 and RM15,243,000 respectively by the number of ordinary shares in issue during the current quarter and financial period ended 31 December 2013 of 182,000,002.

|  | <b>Current<br/>quarter ended<br/>31 Dec 2013</b> | <b>Financial<br/>period ended<br/>31 Dec 2013</b> |
|--|--|---|
| Profit net of tax attributable to<br>Owners of the parent (in RM)  | 6,492,000  | 15,243,000  |
|  | =====  | =====   |
| <b><i>Number of ordinary share in issue</i></b>                    |  |   |
| Issued ordinary shares at beginning and end<br>of the quarter/year | 182,000,002                                      | 182,000,002                                       |
|  | =====  | =====   |
| Basic earnings per share (sen)                                     | 3.57   | 8.38  |
|  | =====  | =====   |

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

### ***B15. Provision of Financial Assistance***

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

|  | <b>31 Dec 2013</b> | <b>30 Sept 2013</b> |
|--|--------------------|---------------------|
|  | <b>RM'000</b>      | <b>RM'000</b>       |
| Corporate guarantees to financial institutions for credit facilities granted to: |                    |                     |
| - non wholly-owned subsidiary companies  | 33,345             | 34,659              |
|  | =====              | =====               |

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 December 2013.

### ***B16. Realised and Unrealised Profits/Losses Disclosure***

|   | <b>As at</b>       | <b>As at</b>        |
|---|--------------------|---------------------|
|   | <b>31 Dec 2013</b> | <b>30 June 2013</b> |
|   | <b>RM'000</b>      | <b>RM'000</b>       |
| Total retained profits of the Company and its Subsidiaries: |                    |                     |
| - Realised  | 99,769             | 88,688              |
| - Unrealised  | (10,418)           | (10,267)            |
|   | -----              | -----               |
|   | 89,351             | 78,421              |
| Total share of retained profits from associated company:    |                    |                     |
| - Realised  | 3,543              | 3,780               |
| - Unrealised  | -                  | -                   |
|   | -----              | -----               |
| Total group retained profits as per consolidated Accounts   | 92,894             | 82,201              |
|   | =====              | =====               |

This announcement is dated 24<sup>th</sup> February 2014.