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

## A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirement of Chapter 9, Disclosure, Paragraph 9.22 of the Main Market Listing Requirement (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in compliance with Malaysian Financial Reporting Standards (“MFRSs”) 134, Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”), and should be read in conjunction with the Group’s annual audited financial statements for the year ended 30 June 2014.

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 2014 except for the adopting of the following MFRSs, IC interpretation and Amendments to MFRSs during the current financial period :

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014**

|  |  |
| --- | --- |
| Amendments to MFRS 10 | Consolidated Financial Statements |
| Amendments to MFRS 11 | Joint Arrangements |
| Amendments to MFRS 12 | Disclosure of Interest in Other Entities |
| Amendments to MFRS 127 | Separate Financial Statements |
| Amendments to MFRS 7 | Disclosures – Offsetting Financial Assets and Financial Liabilities |

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014**

|  |  |
| --- | --- |
| Amendments to MFRS 119 | Defined Benefits Plans : Employee Contribution |
| Amendments to MFRSs Annual Improvements to MFRSs 2010 – 2012 Cycle | |

## A2. 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 2014 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.

## A3. Seasonality or Cyclicality of Interim Operations

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

## A4. 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 2014.

## A5. 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 financial period under review.

## A6. 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 2014.

## A7. Dividend Paid

No dividend was paid in the current quarter.

## A8. Segment Information (Cont’d)

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Shipping,** |  |  | **Logistics** | |  | |  | | |  | |  |  | |  | |  | |  |
|  | **marine** |  |  | **Services** | |  | |  | | |  | |  |  | |  | |  | |  |
| **Financial period to date** | **service** |  |  | **& equipment** | |  | | **Engineering** | | |  | | **Property** |  | |  | |  | |  |
| **30 September 2014** | **& others** |  |  | **rental** | |  | | **works** | | |  | | **Development** |  | **Elimination** | | |  | | **Total** |
|  | **RM’000** |  |  | **RM’000** | |  | | **RM’000** | | |  | | **RM’000** |  | **RM’000** | | |  | | **RM’000** |
| **REVENUE** |  |  |  |  | |  | |  | | |  | |  |  |  | | |  | |  |
| Revenue from external sales | 74,474 |  |  | 49,441 | |  | | 11,817 | | |  | | 879 |  | - | | |  | | 136,611 |
| Inter-segment sales | 7,287 |  |  | 2,274 | |  | | - | | |  | | 104 |  | (9,665) | | |  | | - |
|  | 81,761 |  |  | 51,715 | |  | | 11,817 | | |  | | 983 |  | (9,665) | | |  | | 136,611 |
|  |  |  |  |  |  | |  | |  |  | |  | |  |  | | | | |
| **RESULTS** |  |  |  |  | |  | |  | | |  | |  |  |  | |  | |  | |
| Profit before taxation from the normal operation : | 3,035 |  |  | 12,866 | |  | | 916 | | |  | | 745 |  | (474) | |  | | 17,088 | |
|  |  |  |  |  | |  | |  | | |  | |  |  |  | |  | |  | |
| Profit before taxation includes: |  |  |  |  | |  | |  | | |  | |  |  |  | |  | |  | |
|  |  |  |  |  | |  | |  | | |  | |  |  |  | |  | |  | |
| Amortisation | 8 |  |  | 5 | |  | | - | | |  | | - |  | - | |  | | 13 | |
| Fair value adjustment to investment properties | 17 |  |  | 36 | |  | | - | | |  | | - |  | - | |  | | 53 | |
| Depreciation | 1,989 |  |  | 2,811 | |  | | 72 | | |  | | 26 |  | - | |  | | 4,898 | |
| Finance Cost | 449 |  |  | 752 | |  | | 114 | | |  | | 166 |  | - | |  | | 1,481 | |
| Reversal of Impairment of trade receivables | (461) |  |  | (671) | |  | | - | | |  | | - |  | - | |  | | (1,132) | |
| Impairment of trade receivables | 454 |  |  | 4,779 | |  | | - | | |  | | - |  | - | |  | | 5,233 | |
| Bad debts recovered | - |  |  | - | |  | | - | | |  | | - |  | - | |  | | - | |
| Bad debt written off | - |  |  | - | |  | | - | | | - | | - |  | - | |  | | - | |
| Share of profits/(loss) in jointly controlled entities and associates | (213) |  |  | 1 | |  | | - | | |  | | - |  | - | |  | | (212) | |

## A8. Segment Information (Cont’d)

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Shipping,** |  |  | **Logistics** |  |  |  |  |  |  |  |  |
|  | **marine** |  |  | **Services** |  |  |  |  |  |  |  |  |
| **Financial period to date** | **service** |  |  | **& equipment** |  | **Engineering** |  | **Property** |  |  |  |  |
| **30 September 2014** | **& others** |  |  | **rental** |  | **works** |  | **Development** |  | **Elimination** |  | **Total** |
|  | **RM’000** |  |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |
| **SEGMENT ASSETS** | 66,278 |  |  | 236,218 |  | 87,241 |  | 174,813 |  | (48,715) |  | 515,835 |
| Deferred tax assets | 957 |  |  | 843 |  | - |  | 2,449 |  | - |  | 4,249 |
| **TOTAL ASSETS** | 67,235 |  |  | 237,061 |  | 87,241 |  | 177,262 |  | (48,715) |  | 520,084 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Included in measure of segment assets are :** |  |  |  |  |  |  |  |  |  |  |  |  |
| Investment in associates | 2,892 |  |  | - |  | - |  | - |  | - |  | 2,892 |
| Investment in jointly controlled entities | - |  |  | 788 |  | - |  | - |  | - |  | 788 |
| Additional to property, plant and equipment | 580 |  |  | 567 |  | 269 |  | - |  | - |  | 1,416 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **SEGMENT LIABILITIES** | 53,994 |  |  | 108,716 |  | 28,160 |  | 99,284 |  | (46,009) |  | 244,145 |
| Deferred tax liabilities | 4,113 |  |  | 9,918 |  | 1,530 |  | 43 |  | - |  | 15,604 |
| **TOTAL LIABILITIES** | 58,107 |  |  | 118,634 |  | 29,690 |  | 99,327 |  | (46,009) |  | 259,749 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

## A8. Segment Information (Cont’d)

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

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Shipping,** |  | **Logistics** |  |  |  |  |  |  |  |  |
|  | **marine** |  | **Services** |  |  |  |  |  |  |  |  |
| **Financial period to date** | **service** |  | **& equipment** |  | **Engineering** |  | **Property** |  |  |  |  |
| **30 September 2013** | **& others** |  | **rental** |  | **works** |  | **Development** |  | **Elimination** |  | **Total** |
|  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |
| **REVENUE** |  |  |  |  |  |  |  |  |  |  |  |
| Revenue from external sales | 61,093 |  | 48,609 |  | 24,829 |  | 830 |  | - |  | 135,361 |
| Inter-segment sales | 5,716 |  | 2,469 |  | **-** |  | **-** |  | (8,185) |  | **-** |
|  | 66,809 |  | 51,078 |  | 24,829 |  | 830 |  | (8,185) |  | 135,361 |
| **RESULTS** |  |  |  |  |  |  |  |  |  |  |  |
| Profit before taxation from the normal operation : | 2,699 |  | 6,542 |  | 2,887 |  | 141 |  | 329 |  | 12,598 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Profit before taxation includes: |  |  |  |  |  |  |  |  |  |  |  |
| Amortisation | 23 |  | 5 |  | **-** |  | 140 |  | **-** |  | 168 |
| Fair value adjustment to investment properties | 22 |  | 36 |  | 5 |  | - |  | - |  | 63 |
| Depreciation | 1,631 |  | 2,613 |  | 109 |  | 24 |  | **-** |  | 4,377 |
| Finance Cost | 559 |  | 856 |  | 44 |  | 415 |  | **-** |  | 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/(loss) in jointly controlled entities and associates | 333 |  | (300) |  | **-** |  | **-** |  | **-** |  | 33 |

## A8. Segment Information (Cont’d)

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

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Shipping,** |  | **Logistics** |  |  |  |  |  |  |  |  |
|  | **marine** |  | **Services** |  |  |  |  |  |  |  |  |
| **Financial period to date** | **service** |  | **& equipment** |  | **Engineering** |  | **Property** |  |  |  |  |
| **30 September 2013** | **& others** |  | **rental** |  | **works** |  | **Development** |  | **Elimination** |  | **Total** |
|  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |
| **SEGMENT ASSETS** | 122,310 |  | 210,011 |  | 78,913 |  | 56,230 |  | (20,415) |  | 447,049 |
| Deferred tax assets | 543 |  | 523 |  | - |  | - |  | - |  | 1,066 |
| **TOTAL ASSETS** | 122,853 |  | 210,534 |  | 78,913 |  | 56,230 |  | (20,415) |  | 448,115 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **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** | 43,931 |  | 117,525 |  | 25,747 |  | 41,003 |  | (17,617) |  | 210,589 |
| Deferred tax liabilities | 2,877 |  | 7,277 |  | 1,044 |  | - |  | - |  | 11,198 |
| **TOTAL LIABILITIES** | 46,808 |  | 124,802 |  | 26,791 |  | 41,003 |  | (17,617) |  | 221,787 |
|  |  |  |  |  |  |  |  |  |  |  |  |

## A9. 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 2014.

## A10. Significant Post Balance Sheet Event

There are no material events as at 17 November 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.

## A11. Changes in Composition of the Group

Save for the below, there were no changes in composition of the Group during the current financial period ended 30 September 2014:

1. On 13th August 2014, Harbour-Link Lines (S) Pte. Ltd. (“HLLSPL”), a wholly-owned subsidiary of Harbour-Link Lines Sdn Bhd and which in turn is a subsidiary of Harbour-Link, was incorporated on 13th August 2014. Country of origin is Singapore.  HLLSPL was incorporated with an authorised share capital of SGD1.00 divided into 1 ordinary shares of SGD1.00 each of which 1 ordinary shares have been issued and fully paid-up.

## A12. Contingent Liabilities

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

**17 Nov 2014 30 June 2014**

**RM’000 RM’000**

Corporate guarantees to financial institutions

for credit facilities granted to:

- Subsidiary companies 155,765 173,168

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## A13. Capital Commitments

**30 Sept 2014 30 June 2014**

**RM’000 RM’000**

Capital expenditure

Authorised and contracted for 6,626 8,412

***A14. 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**

**Qtr from/(to)**

**To date As at**

**30 Sept 2014 30 Sept 2014**

**RM’000 RM’000**

Transaction with companies in which

Certain Directors of the Company have

substantial interests

Sales of goods and services 67 196

Purchase of goods and services 496 (501)

## 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**

**30 Sept 2014 30 Sept 2013**

**RM’000 RM’000**

Revenue 136,611 135,361

Profit before taxation 17,088 12,598

The Group posted revenue of RM136.611 million for the current financial period ended 30 September 2014, which is RM1.250 million higher than the preceding year corresponding period of RM135.361 million. The profit before tax for the current financial period ended 30 September 2014, which is RM17.088 million while the preceding year corresponding period is only RM12.598 million.

The shipping, marine services & others division recorded revenue of RM74.474 million which is RM13.381 million or 21.90% higher than the preceding year corresponding period of RM61.093 million. The profit before tax for the current financial period is RM3.035 million which is RM0.336 million higher than the preceding year corresponding period of RM2.699 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 RM49.441 million and profit before tax of RM12.866 million for the current financial period as compared to the preceding year corresponding period of RM48.609 million and RM6.542 million respectively. The increased in revenue and profit before tax is due to recognition of profit from completion of certain project logistics contracts.

The engineering works division recorded a revenue of RM11.817 million and profit before tax of RM0.916 million for the current financial period as compared to the preceding year of corresponding period of RM24.829 million and RM2.887 million respectively. The dip in revenue and profit before tax for the current quarter is a result of the completion of numerous projects in the previous quarters. The revenue of the current quarter mainly derived from projects which are at their initial stages of completion.

The property development division recorded revenue of RM0.879 million and profit before tax of RM0.745 million for the current financial period as compared to the preceding year of corresponding period of RM0.830 million and RM0.141 million. The revenue increase marginal for current quarter under review. The increase in the profit before tax by RM0.604 million mainly from the capitalization of the finance and amotisation cost to land held for development.

## 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 Sept 2014 30 June 2014**

**RM’000 RM’000**

Revenue 136,715 103,170

Profit before taxation 17,088 17,441

The Group posted a increase in revenue of RM33.545 million or 32.51% in the current quarter ended 30 September 2014 of RM136.715 million as compared to RM103.170 million in the most recent preceding quarter ended 30 June 2014. The increase in the revenue is mainly from the shipping, marine services & others division as per reason mentioned in paragraph B1.

The Group has registered a slight decrease of RM0.353 million profit before taxation of RM17.088 million in the current quarter ended 30 September 2014 as compared to RM17.441 million in the most recent preceding quarter due to lower billing by engineering works division.

## B3. Prospects

The Group expects the domestic and regional shipping industries to continue to grow at a moderate rate. With our current fleet of vessels and expertise, we will continue to pursue future opportunities.

The logistics services and equipment rental division is expected to remain positive. The Group will continue to focus on providing value-added total logistics solutions to sustain the growth.

The engineering division is expected to continue contributing positive to the Group in financial year 2015.

## B4. Profit Forecast or Profit Guarantee

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

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

## B5. Profit before tax

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Current Year** |  | **Current Year** |
|  | **Quarter** |  | **To-Date** |
|  | **30/09/2014** |  | **30/09/2014** |
|  | **RM'000** |  | **RM'000** |
|  |  |  |  |
|  |  |  |  |
| **Profit for the period is stated after charging/ (crediting):** |  |  |  |
| Interest income | (95) |  | (95) |
| Allowance for impairment of receivables | 5,233 |  | 5,233 |
| Depreciation of plant and equipment | 4,898 |  | 4,898 |
| Fair value adjustment to investment properties | 53 |  | 53 |
| Finance cost | 1,481 |  | 1,481 |
| Unrealised foreign exchange gain | (42) |  | (42) |
| Reversal of impairment of receivables | (1,132) |  | (1,132) |
| Amortisation of prepaid land lease | 13 |  | 13 |
|  |  |  |  |

## B6. Taxation

Taxation of the Group comprises the following:

**Current**

**period**

**ended**

**30 Sept 2014**

**RM’000**

Current tax expense 5,275

Deferred tax expense 312

5,587

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. The statutory tax rate will be reduced to 24% from the current year’s tax rate of 25%, effective year of assessment 2016.

## 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 2014.

## B8. Investment in Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter and financial period ended 30 September 2014.

## B9. Status of Corporate Proposal

There were no pending corporate proposals up to 17 November 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 30 September 2014 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Short Term** | **Long Term** | **Total** |
|  |  | **RM'000** | **RM'000** | **RM'000** |
| **Secured** |  |  |  |  |
| Term loan |  | 9,320 | 49,009 | 58,329 |
| Bank Overdraft |  | 8,805 | - | 8,805 |
| Finance Lease Liabilities |  | 14,016 | 23,660 | 37,676 |
|  |  | 32,141 | 72,669 | 104,810 |
|  |  |  |  |  |
| **Unsecured** |  |  |  |  |
| Bankers’ Acceptance |  | 5,069 | - | 5,069 |
|  |  | 37,210 | 72,669 | 109,879 |

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 November 2014, 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.

## B12. Changes in Material Litigation

There are no changes in material litigation since the last annual balance sheet date till 17 November 2014 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 2014 amounting to RM4,550,000 (2013: RM4,550,000).

The proposed dividend is subject to shareholder's approval at the forthcoming 12th Annual General Meeting to be held on 22nd November 2014. The payment of the proposed dividend is on 19th December 2014 to Depositors registered in the Record of Depositors at the close of business at 5.00 pm on 28th November 2014.

## B14. Earnings per Share

**Basic earnings per share**

The basic earnings per share for the current quarter and financial period ended 30 September 2014 is calculated by dividing the Group’s profit for the year, net of tax, attributable to owners of the parent for the current quarter and financial period of RM11,235,000 and RM11,235,000 respectively by the number of ordinary shares in issue during the current quarter and financial period ended 30 June 2014 of 182,000,002.

**Current** **Financial**

**quarter ended period ended**

**30 Sept 2014 30 Sept 2014**

Profit net of tax attributable to

Owners of the parent (in RM) 11,235,000 11,235,000

***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) 6.17 6.17

## 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 2014 pursuant to paragraph 8.23(1) of the Listing Requirements.

**30 Sept 2014 30 June 2014**

**RM’000 RM’000**

Corporate guarantees to financial institutions

for credit facilities granted to:

- non wholly-owned subsidiary companies 25,570 35,203

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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 ended 30 September 2014.

## B16. Realised and Unrealised Profits/Losses Disclosure

**As at As at**

**30 Sept 2014 30 June 2014**

**RM’000 RM’000**

Total retained profits of the Company and its

Subsidiaries:

- Realised 132,143 120,653

- Unrealised (10,924) (10,882)

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121,219 109,771

Total share of retained profits from associated

company:

- Realised 1,358 1,570

- Unrealised - -

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Total group retained profits as per consolidated

Accounts 122,577 111,341

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This announcement is dated 24 November 2014.