## 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 31 March 2015.

## 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 31 March 2015.

## 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** |  |  | **&** |  | **Engineering** |  | **Property** |  |  |  |  |
| **31 March 2015** | **& others** |  |  | **Machineries** |  | **works** |  | **Development** |  | **Elimination** |  | **Total** |
|  | **RM’000** |  |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |
| **REVENUE** |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue from external sales | 186,406 |  |  | 142,909 |  | 58,423 |  | 3,376 |  | - |  | 391,114 |
| Inter-segment sales | 23,088 |  |  | 6,788 |  | - |  | 173 |  | (30,049) |  |  -  |
|  | 209,494 |  |  | 149,697 |  | 58,423 |  | 3,549 |  | (30,049) |  | 391,114 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **RESULTS** |  |  |  |  |  |  |  |  |  |  |  |  |
| Profit before taxation from the normal operation : | 5,646 |  |  | 32,843 |  | 13,090 |  | 2,260 |  | (688) |  | 53,151 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Profit before taxation includes: |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amortisation | 23 |  |  | 15 |  | - |  | - |  | - |  | 38 |
| Fair value adjustment to investment properties | 50 |  |  | 109 |  | - |  | - |  | - |  | 159 |
| Depreciation | 5,669 |  |  | 8,599 |  | 228 |  | 77 |  | - |  | 14,573 |
| Finance Cost | 1,097 |  |  | 2,176 |  | 286 |  | 598 |  | - |  | 4,157 |
| Reversal of Impairment of trade receivables | (817) |  |  | (6,282) |  | - |  | - |  | - |  | (7,099) |
| Impairment of trade receivables | 1,346 |  |  | 11,595 |  | - |  | - |  | - |  | 12,941 |
| Bad debts recovered | - |  |  | - |  | - |  | - |  | - |  | - |
| Bad debt written off | - |  |  | 625 |  | - | - | - |  | - |  | 625 |
| Share of profits/(loss) in jointly controlled entities and associates | 117 |  |  | 505 |  | - |  | - |  | - |  | 622 |

## 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** |  |  | **&** |  | **Engineering** |  | **Property** |  |  |  |  |
| **31 March 2015** | **& others** |  |  | **Machineries** |  | **works** |  | **Development** |  | **Elimination** |  | **Total** |
|  | **RM’000** |  |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |
| **SEGMENT ASSETS** | 125,679 |  |  | 248,199 |  | 88,385 |  | 121,754 |  | (44,976) |  | 539,041 |
| Deferred tax assets | 814 |  |  | 2,338 |  | - |  | 3,641 |  | - |  | 6,793 |
| **TOTAL ASSETS** | 126,493 |  |  | 250,537 |  | 88,385 |  | 125,395 |  | (44,976) |  | 545,834 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Included in measure of segment assets are :**  |  |  |  |  |  |  |  |  |  |  |  |  |
| Investment in associates | 3,223 |  |  | - |  | - |  | - |  | - |  | 3,223 |
| Investment in jointly controlled entities | - |  |  | 1,292 |  | - |  | - |  | - |  | 1,292 |
| Additional to property, plant and equipment | 738 |  |  | 724 |  | 997 |  | 23 |  | - |  | 2,482 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **SEGMENT LIABILITIES** | 50,274 |  |  | 115,724 |  | 20,895 |  | 106,503 |  | (44,446) |  | 248,950 |
| Deferred tax liabilities | 4,054 |  |  | 9,503 |  | 1,530 |  | 51 |  | - |  | 15,138 |
| **TOTAL LIABILITIES** | 54,328 |  |  | 125,227 |  | 22,425 |  | 106,554 |  | (44,446) |  | 264,088 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

## 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** |  | **&** |  | **Engineering** |  | **Property** |  |  |  |  |
| **31 March 2014** | **& others** |  | **Machineries** |  | **works** |  | **Development** |  | **Elimination** |  | **Total** |
|  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |
| **REVENUE** |  |  |  |  |  |  |  |  |  |  |  |
| Revenue from external sales | 172,270 |  | 120,522 |  | 62,853 |  | 2,546 |  | - |  | 358,191 |
| Inter-segment sales | 10,703 |  | 8,302 |  | **-** |  | **-** |  | (19,005) |  | **-** |
|  | 182,973 |  | 128,824 |  | 62,853 |  | 2,546 |  | (19,005) |  | 358,191 |
| **RESULTS** |  |  |  |  |  |  |  |  |  |  |  |
| Profit before taxation from the normal operation : | 2,661 |  | 21,667 |  | 7,048 |  | 871 |  | (128) |  | 32,119 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Profit before taxation includes: |  |  |  |  |  |  |  |  |  |  |  |
| Amortisation | 67 |  | 15 |  | **-** |  | 396 |  | **-** |  | 478 |
| Fair value adjustment to investment properties | 67 |  | 109 |  | 14 |  | - |  | - |  | 190 |
| Depreciation | 5,129 |  | 7,824 |  | 313 |  | 74 |  | **-** |  | 13,340 |
| Finance Cost | 1,518 |  | 2,543 |  | 127 |  | 706 |  | **-** |  | 4,894 |
| Reversal of Impairment of trade receivables | (960) |  | (2,474) |  | (782) |  | **-** |  | **-** |  | (4,216) |
| Impairment of trade receivables | 812 |  | 3,047 |  | **-** |  | **-** |  | **-** |  | 3,859 |
| Bad debts recovered | **-** |  | **-** |  | **-** |  | **-** |  | **-** |  | **-** |
| Bad debt written off | **-** |  | 88 |  | **-** |  | **-** |  | **-** |  | 88 |
| Share of profits/(loss) in jointly controlled entities and associates | (33) |  |  141 |  | **-** |  | **-** |  | **-** |  | 109 |

## 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** |  | **&** |  | **Engineering** |  | **Property** |  |  |  |  |
| **31 March 2014** | **& others** |  | **Machineries** |  | **works** |  | **Development** |  | **Elimination** |  | **Total** |
|  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |
| **SEGMENT ASSETS** | 126,222 |  | 208,370 |  | 81,864 |  | 59,798 |  | (27,848) |  | 448,406 |
| Deferred tax assets | 768 |  |  313 |  | - |  | - |  | - |  | 1,081 |
| **TOTAL ASSETS** | 126,990 |  | 208,683 |  | 81,864 |  | 59,798 |  | (27,848) |  | 449,487 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Included in measure of segment assets are :**  |  |  |  |  |  |  |  |  |  |  |  |
| Investment in associates | 3,062 |  | - |  | - |  | - |  | - |  | 3,062 |
| Investment in jointly controlled entities | - |  |  932 |  | - |  | - |  | - |  | 932 |
| Additional to property, plant and equipment | 6,016 |  | 1,829 |  | 3,469 |  | 875 |  | - |  | 12,189 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **SEGMENT LIABILITIES** | 59,779 |  | 98,172 |  | 25,396 |  | 44,004 |  | (25,039) |  | 202,312 |
| Deferred tax liabilities | 2,857 |  | 8,342 |  | 1,216 |  | 28 |  | - |  | 12,443 |
| **TOTAL LIABILITIES** | 62,636 |  | 106,514 |  | 26,612 |  | 44,032 |  | (25,039) |  | 214,755 |
|  |  |  |  |  |  |  |  |  |  |  |  |

## 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 19 May 2015, 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 31 March 2015:

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.
2. On 11th March 2015, Harbour-Link Lines Sdn. Bhd. (“HLLSB”), a subsidiary of Harbour-Link, had acquired additional three thousand seven hundred fifty (3,750) ordinary shares of RM1.00 each (“Shares”), fully-paid representing the 3.75% equity share of Harbour-Link Lines (Kch) Sdn. Bhd. (“HLLK”) (“the Purchase”) from Ms Chung Lan Mui (NRIC 711024-13-5462) respectively for a total cash consideration of RM39,375.00 only. Following the purchase, the equity interest of HLLSB in HLLK has increased from 60% to 63.75%
3. On the 11th March 2015, Harbour-Link, had acquired additional three hundred and fifty thousand (350,000) ordinary shares of RM1.00 each (“Shares”), fully-paid representing the 5% equity share of Harbour-Link Lines Sdn. Bhd. (“HLLSB”) (“the Purchase”) from Megan Millenium Sdn. Bhd. (Company No. 748175-V) respectively for a total cash consideration of RM1,008,000.00 only. Following the purchase, the equity interest of Harbour-Link in HLLSB has increased from 80% to 85%

## A12. Contingent Liabilities

Changes in contingent liabilities since the last annual balance sheet date to 19 May 2015, being the date not earlier than 7 days from the date of this announcement, are as follows:

 **19 May 2015 30 June 2014**

 **RM’000 RM’000**

Corporate guarantees to financial institutions

 for credit facilities granted to:

 - Subsidiary companies 137,284 173,168

 ====== ======

## A13. Capital Commitments

 **31 Mar 2015 31 Dec 2014**

 **RM’000 RM’000**

Capital expenditure

 Authorised and contracted for 10,384 11,949

***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**

 **Quarter from/(to)**

 **to date As at**

 **31 Mar 2015 31 Mar 2015**

 **RM’000 RM’000**

Transaction with companies in which

Certain Directors of the Company have

substantial interests

Sales of goods and services 61 48

Purchase of goods and services 1,024 (999)

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

## B1. Review of the Performance of the Group

 **Current Preceding year**

 **financial corresponding period ended period ended**

 **31 Mar 2015 31 Mar 2014**

 **RM’000 RM’000**

Revenue 391,114 358,191

Profit before taxation 53,151 32,119

The Group posted revenue of RM391.114 million for the current financial period ended 31 March 2015, which is RM32.923 million higher than the preceding year corresponding period of RM358.191 million. The profit before tax for the current financial period ended 31 March 2015, which is RM53.151 million while the preceding year corresponding period is RM32.119 million.

The shipping, marine services & others division recorded revenue of RM186.406 million which is RM14.136 million or 8.21% higher than the preceding year corresponding period of RM172.270 million. The profit before tax for the current financial period is RM5.646 million which is RM2.985 million higher than the preceding year corresponding period of RM2.661 million. The increase in revenue is due to the increase in cargo volume. The lower cost for the current period as compared to preceding year corresponding period is due to higher mobilization and start up cost incurred for acquisition of additional vessel and dry docking in the preceding year.

The logistics services and machineries division recorded revenue of RM142.909 million and profit before tax of RM32.843 million for the current financial period as compared to the preceding year corresponding period of RM120.522 million and RM21.667 million respectively. The increase in revenue and profit before tax are due to higher volume of cargo freighting and project cargoes handled and higher rental income of heavy machineries during this period.

The engineering works division recorded a revenue of RM58.423 million and profit before tax of RM13.090 million for the current financial period as compared to the preceding year of corresponding period of RM62.853 million and RM7.048 million respectively. The dip in revenue and increase in the profit are due to completion two major projects during the financial period under review.

The property development division recorded revenue of RM3.376 million and profit before tax of RM2.260 million for the current financial period as compared to the preceding year of corresponding period of RM2.546 million and RM0.871 million.

## 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**

 **31 Mar 2015 31 Dec 2014**

 **RM’000 RM’000**

Revenue 126,152 128,351

Profit before taxation 18,516 17,547

The Group posted a decrease in revenue of RM2.199 million or 1.71% in the current quarter ended 31 March 2015 of RM126.152 million as compared to RM128.351 million in the most recent preceding quarter ended 31 December 2014. The decrease in the revenue is mainly from the shipping, marine services and others division due to lower cargoes volume handle during the festive season.

The Group has registered an increase of RM0.969 million profit before taxation of RM18.516 million in the current quarter ended 31 March 2015 as compared to RM17.547 million in the most recent preceding quarter mainly from the engineering works division.

## B3. Prospects

The Group expects the domestic and regional shipping industries will most likely to remain challenging.

The logistics services and equipment rental division is expected to continue contributing positive result. 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 positively to the Group in financial year 2015.

Overall, the Group expected the performance for the current financial year to be satisfactory.

## 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 Quarter**  |  | **Current Period** |
|  | **To date**  |  | **To-Date** |
|  | **31/03/2015** |  | **31/03/2015** |
|  | **RM'000** |  | **RM'000** |
|  |  |  |  |
|  |  |  |  |
| **Profit for the period is stated after charging/ (crediting):** |  |  |  |
| Interest income | (6) |  | (108) |
| Allowance for impairment of receivables | 6,617  |  | 12,941 |
| Depreciation of plant and equipment | 4,803 |  | 14,573 |
| Fair value adjustment to investment properties | 53  |  | 159 |
| Finance cost | 1,230 |  | 4,157 |
| Unrealised foreign exchange loss/(gain) | 144 |  | 109 |
| Reversal of impairment of receivables | (4,826) |  | (7,099) |
| Amortisation of prepaid land lease | 13 |  | 38 |
|  |  |  |  |

## B6. Taxation

Taxation of the Group comprises the following:

 **Current**

 **period**

 **ended**

 **31 Mar 2015**

 **RM’000**

Current tax expense 14,621

Deferred tax expense 621

 15,242

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 31 March 2015.

## B8. Investment in Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter and financial period ended 31 March 2015.

## B9. Status of Corporate Proposal

There were no pending corporate proposals up to 19 May 2015, being the date not earlier than 7 days from the date of this announcement.

## B10. Group Borrowings and Debt Securities

The Group’s borrowings as at 31 March 2015 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Short Term** | **Long Term** | **Total** |
|  |  | **RM'000** | **RM'000** | **RM'000** |
| **Secured** |  |  |  |  |
| Term loan |  | 8,547  | 35,916  | 44,463  |
| Bank Overdraft |  | 3,667  | - | 3,667  |
| Finance Lease Liabilities |  | 11,410  | 20,430 | 31,840 |
|  |  | 23,624 | 56,346 | 79,970 |
|  |  |  |  |  |
| **Unsecured** |  |  |  |  |
| Bankers’ Acceptance |  | 3,325  |  -  | 3,325 |
|  |  | 26,949 | 56,346  | 83,295 |

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 19 May 2015, 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 material litigation as at 19 May 2015 being the date not earlier than 7 days from the date of this announcement.

## B13. Dividend

No dividend was declared for the current quarter and financial period ended 31 March 2015.

## B14. Earnings per Share

 **Basic earnings per share**

The basic earnings per share for the current quarter and financial period ended 31 March 2015 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 RM12,345,000 and RM36,510,000 respectively by the number of ordinary shares in issue during the current quarter and financial period ended 31 March 2015 of 182,000,002.

 **Current** **Financial**

 **quarter ended period ended**

 **31 March 2015 31 March 2015**

Profit net of tax attributable to

 Owners of the parent (in RM) 12,345,000 36,510,000

***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) 6.78 20.06

## B15. Provision of Financial Assistance

The financial assistance provided by the Company and its subsidiaries to its non wholly-owned subsidiaries as at 31 March 2015 pursuant to paragraph 8.23(1) of the Listing Requirements.

 **31 Mar 2015 31 Dec 2014**

 **RM’000 RM’000**

Corporate guarantees to financial institutions

 for credit facilities granted to:

 - non wholly-owned subsidiary companies 17,036 29,245

 ====== ======

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 31 March 2015.

## B16. Realised and Unrealised Profits/Losses Disclosure

 **As at As at**

 **31 Mar 2015 30 June 2014**

 **RM’000 RM’000**

Total retained profits of the Company and its

Subsidiaries:

- Realised 148,607 120,653

- Unrealised (7,498) (10,882)

 ----------- ----------

 141,109 109,771

Total share of retained profits from associated

company:

- Realised 2,192 1,570

- Unrealised - -

 ----------- ----------

Total group retained profits as per consolidated

Accounts 143,301 111,341

 ======= ======

This announcement is dated 26 May 2015.