

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 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 2015.

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 2015 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 July 2015

Amendments to :

MFRS 119 Employee Benefits – Defined Benefit Plans : Employee Contribution

Amendments to MFRSs classified as “Annual Improvements to MFRSs 2010 – 2012 Cycle”

Amendments to MFRSs classified as “Annual Improvements to MFRSs 2010 – 2012 Cycle”

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A1. *Basis of Preparation (Cont'd)*

MFRS and Amendments Issued but Not Yet Effective

The amendments / standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group and the Company intend to adopt these amendments/standards, if applicable, when they become effective.

<u>Description</u>	<u>Effective for period beginning on or after</u>
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 10 & MFRS 128 : Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	1 January 2016
Amendments to MFRS 10, MFRS 12, MFRS 128 : Investments Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127 : Equity Method in Separate Financial Statements	1 January 2016
MFRS 15 : Revenue from Contracts with Customers	1 January 2018
MFRS 9 : Financial Instruments	1 January 2018

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 2015 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 Cyclicity of Interim Operations*

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

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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 December 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 December 2015.

A7. Dividend Paid

A first and final dividend of 5.5 sen net per ordinary share of RM1.00 each for the financial year ended 30 June 2015 amounting to RM10,010,000 (2014: RM4,550,000) was paid on 18 December 2015.

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A8. Segment Information (Cont'd)

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

<u>Financial period to date</u> <u>31 December 2015</u>	<u>Shipping, marine service & others</u> <u>RM'000</u>	<u>Logistics Services & Machineries</u> <u>RM'000</u>	<u>Engineering works</u> <u>RM'000</u>	<u>Property Development</u> <u>RM'000</u>	<u>Elimination</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
REVENUE						
Revenue from external sales	130,168	92,573	27,106	2,180	-	252,027
Inter-segment sales	9,827	6,307	-	-	(16,134)	-
	<u>139,995</u>	<u>98,880</u>	<u>27,106</u>	<u>2,180</u>	<u>(16,134)</u>	<u>252,027</u>
RESULTS						
Profit before taxation from the normal operation :	(3,411)	26,999	10,426	1,005	28	35,047
Profit before taxation includes:						
Amortisation	87	53	-	-	-	140
Depreciation to investment properties	31	85	-	-	-	116
Depreciation	3,745	6,074	180	112	-	10,111
Finance Cost	1,095	1,372	165	591	-	3,223
Reversal of Impairment of trade receivables	(2,504)	(4,324)	-	-	-	(6,828)
Impairment of trade receivables	1,365	2,447	-	-	-	3,812
Bad debts recovered	-	-	-	-	-	-
Bad debt written off	-	35	-	-	-	35
Share of profits/(loss) in jointly controlled entities and associates	899	(93)	-	-	-	806

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A8. Segment Information (Cont'd)

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

<u>Financial year to date</u> <u>31 December 2015</u>	<u>Shipping,</u>	<u>Logistics</u>	<u>Engineering</u>	<u>Property</u>	<u>Elimination</u>	<u>Total</u>
	<u>marine</u>	<u>Services</u>				
	<u>& others</u>	<u>& Machineries</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
SEGMENT ASSETS	178,090	265,270	82,617	124,437	(45,692)	604,722
Deferred tax assets	1,010	2,275	72	7,465	-	10,822
TOTAL ASSETS	179,100	267,545	82,689	131,902	(45,692)	615,544
Included in measure of segment assets are :						
Investment in associates	4,585	-	-	-	-	4,585
Investment in jointly controlled entities	-	808	-	-	-	808
Additional to property, plant and equipment	14,206	1,327	594	-	-	16,127
SEGMENT LIABILITIES	84,056	124,078	15,101	110,121	(48,083)	285,273
Deferred tax liabilities	3,990	10,144	1,871	50	-	16,055
TOTAL LIABILITIES	88,046	134,222	16,972	110,171	(48,083)	301,328

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A8. Segment Information (Cont'd)

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

Financial year to date 31 December 2014	Shipping, marine service & others	Logistics Services & Machinery	Engineering works	Property Development	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
Revenue from external sales	125,807	103,298	33,484	2,373	-	264,962
Inter-segment sales	16,648	4,470	-	155	(21,273)	-
	142,455	107,768	33,484	2,528	(21,273)	264,962
RESULTS						
Profit before taxation from the normal operation :	5,581	22,165	5,715	1,891	(717)	34,635
Profit before taxation includes:						
Amortisation	15	10	-	-	-	25
Depreciation to investment properties	34	72	-	-	-	106
Depreciation	3,869	5,705	145	51	-	9,770
Finance Cost	839	1,478	235	375	-	2,927
Reversal of Impairment of trade receivables	(578)	(1,695)	-	-	-	(2,273)
Impairment of trade receivables	927	5,397	-	-	-	6,324
Bad debts recovered	-	-	-	-	-	-
Bad debt written off	-	-	-	-	-	-
Share of profits/(loss) in jointly controlled entities and associates	(330)	421	-	-	-	91

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A8. Segment Information (Cont'd)

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

<u>Financial year to date</u>	<u>Shipping, marine service & others</u>	<u>Logistics Services & Machineries</u>	<u>Engineering works</u>	<u>Property Development</u>	<u>Elimination</u>	<u>Total</u>
<u>31 December 2014</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
SEGMENT ASSETS	126,054	246,704	87,157	119,641	(50,185)	529,371
Deferred tax assets	789	1,759	-	3,704	-	6,252
TOTAL ASSETS	126,843	248,463	87,157	123,345	(50,185)	535,623
Included in measure of segment assets are :						
Investment in associates	2,776	-	-	-	-	2,776
Investment in jointly controlled entities	-	1,208	-	-	-	1,208
Additional to property, plant and equipment	243	749	458	691	-	2,141
SEGMENT LIABILITIES	60,523	112,992	25,227	104,684	(52,007)	251,419
Deferred tax liabilities	4,176	9,202	1,530	44	-	14,952
TOTAL LIABILITIES	64,699	122,194	26,757	104,728	(52,007)	266,371

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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 2015.

A10. Significant Post Balance Sheet Event

There are no material events as at 16 February 2016, 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 December 2015:

1. On 5th August 2015, Harbour-Link Navigation Sdn. Bhd. ("HLN"), a subsidiary of Harbour-Link Group Bhd, had subscribed for 8,000 new ordinary shares of RM1.00 each in Harbour Ruby Sdn Bhd (Company No. 1153587-X) ("Harbour Ruby") representing 80% of the enlarged issued share capital of Harbour Ruby for a total consideration of RM8,000.00 ("the Subscription").
2. On 5th August 2015, Harbour-Link Navigation Sdn. Bhd. ("HLN"), a subsidiary of Harbour-Link Group Bhd, had subscribed for 8,000 new ordinary shares of RM1.00 each in Harbour Zenith Sdn Bhd (Company No. 1153350-W) ("Harbour Zenith") representing 80% of the enlarged issued share capital of Harbour Zenith for a total consideration of RM8,000.00 ("the Subscription").
3. On 18th August 2015, Harbour-Link (M) Sdn. Bhd. ("HLM"), a subsidiary of Harbour-Link Group Bhd, had acquired One (1) ordinary share of RM1.00 each ("Share"), representing 50% equity interest in Serimaju Konsortium Sdn. Bhd. (Company No. 1151695-K) ("SKSB") from Siti Fatimah Binti Muhamad Erdris (NRIC 860828-35-5320) for a total cash consideration of RM1.00 ("the Acquisition"). The purchase consideration is based on the par value of the Shares in SKSB.
4. On 24th August 2015, Harbour-Link (M) Sdn. Bhd. ("HLM"), a subsidiary of Harbour-Link Group Bhd, had subscribed for 219,999 new ordinary shares of RM1.00 each ("Shares") in Serimaju Konsortium Sdn Bhd ("SKSB") (Company No. 1151695 K) representing 55% of the enlarged issued share capital of SKSB for a cash consideration of RM219,999 (the "Subscription"). Following the Subscription, SKSB becomes a 55% owned subsidiary of HLM. The balance 45% is held by Ngo Tai Huat (NRIC 581119-13-5139).

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A12. Contingent Liabilities

Changes in contingent liabilities since the last annual balance sheet date to 16 February 2016, being the date not earlier than 7 days from the date of this announcement, are as follows:

	16 February 2016 RM'000	30 June 2015 RM'000
Corporate guarantees to financial institutions for credit facilities granted to:		
- Subsidiary companies	117,817	113,766

A13. Capital Commitments

	31 Dec 2015 RM'000	30 Sept 2015 RM'000
Capital expenditure		
Authorised and contracted for	10,810	4,280

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 Quarter ended 31 Dec 2015 RM'000	Balance due from/(to) As at 31 Dec 2015 RM'000
Transaction with companies in which Certain Directors of the Company have substantial interests		
Sales of goods and services	79	64
Purchase of goods and services	1,823	(1,326)

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A14. Related Party Transactions

No.	Subsidiaries of companies Harbour-Link	Name of Related Party	Nature of Transaction	Names of Interested Directors(s) / Major Shareholder(s) / Person(s) Connected In Harbour-Link Group	Current quarter ended 31 Dec 2015 (RM)	Cumulative Quarter ended 31 Dec 2015 (RM)
1.	Harbour-Link Logistics Sdn. Bhd. ("HLL"), Harbour Services Corporation Sdn. Bhd. ("HSC"), and HLG Engineering Sdn. Bhd. ("HLG")	Sri-Minah Enterprise Sdn. Bhd. ("SME")	<ul style="list-style-type: none"> ○ Sale of spare parts for vehicles and equipment <u>to the Group</u> on a monthly basis. ○ Rental of equipment <u>to the Group</u> ○ Rental of warehouse space at Kidurong Light Industries, Bintulu ○ Sales of transport service <u>to the Group</u> ○ Sale of transport services <u>by the Group</u> ○ Rental of equipment <u>by the Group</u> ○ Contract work on warehouse at Kidurong Light Industries, Bintulu <u>by the Group</u> 	Interested Director & Major Shareholder:- Mr Yong Piaw Soon is the major shareholder in Herdson Corporation Sdn. Bhd. which is the holding company of SME.	RM12,430 RM25,800 RM73,600 RM8,800 RM250 RM24,800 -	RM107,282 RM41,930 RM165,262 RM45,260 RM2,370 RM24,800 RM62,643
2.	Harbour-Link Logistics Sdn. Bhd. ("HLL"), Harbour Services Corporation Sdn. Bhd. ("HSC"), Harbour Agencies (Sarawak) Sdn. Bhd. ("HAS") and HLG Engineering Sdn. Bhd. ("HLG")	Marup Quarry Sdn Bhd ("MQ")	<ul style="list-style-type: none"> ○ Sale of quarry to the Group on a monthly basis ○ Rental of equipment to the Group ○ Sale of spare parts for vehicles and equipment <u>to the Group</u> on a monthly basis. ○ Sale of shipping and agency services <u>by the Group</u> 	Interested Director & Major Shareholder:- Mr Yong Piaw Soon is the major shareholder in Herdson Corporation Sdn. Bhd. which is the holding company of MQ.	RM482,890 RM3,775 -	RM905,809 RM7,465 RM25,821 RM72,206

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No.	Subsidiaries of companies Harbour-Link	Name of Related Party	Nature of Transaction	Names of Interested Directors(s) / Major Shareholder(s) / Person(s) Connected In Harbour-link Group	Current quarter ended 31 Dec 2015 (RM)	Cumulative Quarter ended 31 Dec 2015 (RM)
3.	Harbour-Link Logistics Sdn. Bhd. ("HLL"), Harbour Services Corporation Sdn. Bhd. ("HSC"), Harbour Agencies (Sarawak) Sdn. Bhd. ("HAS") and HLG Engineering Sdn. Bhd. ("HLG")	Herdson Industrial Bhd. ("HSI") Sago Sdn.	<ul style="list-style-type: none"> o Sale of shipping and agency services by the Group 	Interested Director & Major Shareholder:- Mr Yong Piau Soon is the major shareholder in Herdson Corporation Sdn. Bhd. which is the holding company of HSI.	RM4,050	RM4,050
4.	Harbour-Link Logistics Sdn. Bhd. ("HLL"), Harbour Services Corporation Sdn. Bhd. ("HSC") and HLG Engineering Sdn. Bhd. ("HLG")	Herdson Quarry Sdn. Bhd. ("HQ")	<ul style="list-style-type: none"> o Provision of forwarding and transport services by the Group o Provision of land and lubricant based transportation to the Group o Rental of equipment to the Group o Sales of quarry and spare parts for the upgrading of Property to the Group 	Interested Director & Major Shareholder:- Mr Yong Piau Soon is the major shareholder in Herdson Corporation Sdn. Bhd. which is the holding company of HQ.	RM4,573 RM167,234 - RM43,640	RM24,094 RM483,799 RM24,428 RM43,640
5.	Sarawak Edible Oils Sdn. Bhd. and HLG Engineering Sdn. Bhd. ("HLG") and Harbour Agencies (Sarawak) Sdn. Bhd. ("HAS")	Herdson Corporation Bhd ("HC") Sdn	<ul style="list-style-type: none"> o Rental of office space at Lot 2588 Bintulu Town District. o Provision of shipping and land based transportation by the Group 	Interested Director & Major Shareholder:- Mr Yong Piau Soon holds approximately 61% equity interest in HC.	RM300 -	RM600 RM6,319

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No.	Subsidiaries of companies Harbour-Link	Name of Related Party	Nature of Transaction	Names of Interested Directors(s) / Major Shareholder(s) / Person(s) Connected In Harbour-link Group	Current quarter ended 31 Dec 2015 (RM)	Cumulative Quarter ended 31 Dec 2015 (RM)
6.	Harbour Services Corporation Sdn. Bhd. ("HSC")	Slingtex Industrial Bhd. ("Slingtex")	<ul style="list-style-type: none"> Provision of shipping and land based transportation by the Group 	Interested Director & Major Shareholder:- Mr Yong Piaw Soon is the major shareholder in HC which is the holding company of Slingtex.	-	RM2,707
7.	Harbour-Link Logistics Sdn. Bhd. ("HLL"),	Keywork Sdn Bhd ("Keywork")	<ul style="list-style-type: none"> Sale of transport services to the Group 	Interested Director & Major Shareholder:- Mr Yong Piaw Soon, Mr Wong Siong Seh Mr Lau Sii Hin, Mr Lee Seng Chiong and Mr Hii Kwong Wui are shareholders in Ricardon Sdn Bhd which is the holding company of Keywork.	RM64,400	RM96,100
8.	Harbour-Link Logistics Sdn. Bhd. ("HLL"), Harbour Agencies (Sarawak) Sdn. Bhd. ("HSC")	Ricardon Sdn. Bhd. ("Ricardon")	<ul style="list-style-type: none"> Sale of transport services to the Group 	Interested Director & Major Shareholder:- Mr Yong Piaw Soon, Mr Wong Siong Seh Mr Lau Sii Hin, Mr Lee Seng Chiong and Mr Hii Kwong Wui are the shareholders in Ricardon.	RM3,500	RM12,000
9.	Harbour Services Corporation Sdn. Bhd. ("HSC")	Azam Teroka Sdn. Bhd. ("AT")	<ul style="list-style-type: none"> Provision of forwarding and transport services by the Group 	Interested Director & Major Shareholder:- Mr Yong Piaw Soon is the major shareholder in HC which is the holding company of AT.	RM37,688	RM82,728

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No.	Subsidiaries of companies of Harbour-Link	Name of Related Party	Nature of Transaction	Names of Interested Directors(s) / Major Shareholder(s) / Person(s) Connected In Harbour-link Group	Current quarter ended 31 Dec 2015 (RM)	Cumulative Quarter ended 31 Dec 2015 (RM)
10.	HLG Engineering Sdn. Bhd. ("HLG")	Mohd Mahmud Shipping Sdn Bhd ("MMS")	<ul style="list-style-type: none"> o Sales of cement for engineering works to the Group o Provision land based transportation to the Group 	Interested Director & Major Shareholder:- Mr Yong Piaw Soon, Mr Wong Siong Seh Mr Lau Sii Hin, Mr Lee Seng Chiong and Mr Hii Kwong Wui are shareholders in Ricardon which is the holding company of MMS.	RM16,020	RM32,040
11.	Harbour-Link Logistics Sdn. Bhd. ("HLL"), Harbour Services Corporation Sdn. Bhd. ("HSC"), HLG Engineering Sdn. Bhd. ("HLG") and Harbour -Link Logistics (S) Sdn. Bhd. ("HLLS")	Binary Bonus Sdn Bhd	<ul style="list-style-type: none"> o Sales of transport services by the Group o Provision land based transportation to the Group o Provision of sundries to the Group 	Interested Director & Major Shareholder:- Mr Yong Leong Mew person connected with Mr Yong Piaw Soon is the major shareholder in Binary Bonus Sdn Bhd.	RM2,250 RM842,550 RM1,805	RM2,250 RM842,550 RM1,805
TOTAL					RM1,902,127	RM3,295,545

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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

	Individual Quarter		Cumulative Quarter	
	Current year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	136,821	128,351	252,027	264,962
Profit before tax	20,702	17,547	35,047	34,635

The Group posted revenue of RM252.027 million for the current financial period ended 31 December 2015, which is RM12.935 million lower than the preceding financial period of RM264.962 million. The profit before tax for the current financial period ended 31 December 2015, which is RM35.047 million while the preceding financial period is RM34.635 million.

Shipping, marine services and other division	Individual Quarter		Cumulative Quarter	
	Current year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	70,861	63,694	130,168	125,807
(Loss)/profit before tax	(4,837)	2,546	(3,411)	5,581

The shipping, marine services & others division recorded revenue of RM130.168 million which is RM4.361 million higher than the preceding financial period of RM125.807 million. The loss before tax for the current financial period is RM3.411 million as compared to profit before tax for the preceding financial period of RM5.581 million. The increase in revenue is due to higher volume cargo handled resulted from additional two (2) vessels purchase during the financial period. Whilst, the loss before tax of RM3.411 million are due to loss on disposal of one (1) old vessel and preliminaries cost for the two (2) newly acquired vessels mentioned above.

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B1. Review of the Performance of the Group (Cont'd)

	Individual Quarter		Cumulative Quarter	
	Current year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
Logistics Services & Machineries division	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	52,441	41,496	92,573	103,298
Profit before tax	20,309	9,299	26,999	22,165

The logistics services and machineries division recorded revenue of RM92.573 million and profit before tax of RM26.999 million for the current financial period as compared to the preceding financial period of RM103.298 million and RM22.165 million respectively. The decrease in revenue is due to completion of a major project cargo. Higher profit recognized in the current financial period is due to reversal of impairment of trade receivables.

	Individual Quarter		Cumulative Quarter	
	Current year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
Engineering Division	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	12,633	21,667	27,106	33,484
Profit before tax	5,483	4,799	10,426	5,715

The engineering works division recorded a revenue of RM27.106 million and profit before tax of RM10.426 million for the current financial period as compared to the preceding corresponding financial period of RM33.484million and RM5.715 million respectively. The decrease in revenue is due to lower projects billings for the current quarter and financial period. However, higher profit was due to completion of major projects.

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B1. Review of the Performance of the Group (Cont'd)

Property Development Division	Individual Quarter		Cumulative Quarter	
	Current year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	886	1,494	2,180	2,373
Profit before tax	309	1,146	1,005	1,891

The property development division recorded revenue of RM2.180 million and profit before tax of RM1.005 million for the current financial period as compared to the preceding corresponding financial period of RM2.373 million and RM1.891 million. The lower revenue is due to the decrease in the rental received which resulted in lower profit recognized.

B2. Comparison with Preceding Quarter's Results

	Current quarter ended 31 Dec 2015 RM'000	Preceding quarter ended 30 Sept 2015 RM'000
Revenue	136,821	115,206
Profit before taxation	20,702	14,345

The Group posted revenue of RM136.821 million for the current quarter ended 31 December 2015, which is RM21.615 million higher than the most recent preceding quarter ended 30 September 2015 of RM115.206 million. The profit before tax for the current quarter ended 31 December 2015 is RM20.702 million, which is RM6.357 million higher than the most recent preceding quarter ended 30 September 2015 of RM14.345 million.

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B2. Comparison with Preceding Quarter's Results (Cont'd)

	Current quarter ended 31 Dec 2015 RM'000	Preceding quarter ended 30 Sept 2015 RM'000
Shipping, marine services and other division		
Revenue	70,861	59,307
(Loss)/Profit before taxation	(4,837)	1,426

The Group posted an increase in revenue of RM11.554 million in the current quarter ended 31 December 2015 of RM70.861 million as compared to RM59.307 million in the preceding quarter ended 30 September 2015. The loss before tax for the current quarter ended 31 December 2015 is RM4.837 million as compared to a profit before tax of RM1.426 million in the preceding quarter ended 30 September 2015. The increase in revenue and loss before tax is due to reason explained in B1.

	Current quarter ended 31 Dec 2015 RM'000	Preceding quarter ended 30 Sept 2015 RM'000
Logistics Services & Machineries division		
Revenue	52,441	40,132
Profit before taxation	20,309	6,690

The Group posted an increase in revenue of RM12.309 million in the current quarter ended 31 December 2015 of RM52.441 million as compared to RM40.132 million in the preceding quarter ended 30 September 2015. The profit before tax for the current quarter ended 31 December 2015 is RM20.309 million, which is RM13.619 million higher than the preceding quarter ended 30 September 2015 of RM6.690 million. The increase in revenue and profit before tax is due to higher volume of cargo freighting and project cargoes handled and reversal of impairment of trade receivables.

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B2. Comparison with Preceding Quarter's Results (Cont'd)

	Current quarter ended 31 Dec 2015 RM'000	Preceding quarter ended 30 Sept 2015 RM'000
Engineering Division		
Revenue	12,633	14,473
Profit before taxation	5,483	4,943

The Group posted a decrease in revenue of RM1.840 million in the current quarter ended 31 December 2015 of RM12.633 million as compared to RM14.473 million in the preceding quarter ended 30 September 2015. The profit before tax for the current quarter ended 31 December 2015 is RM5.483 million, which is RM0.54 million higher than the preceding quarter ended 30 September 2015 of RM4.943 million. The decrease in revenue is due to lower projects billings from newly secured projects for the current period under review.

	Current quarter ended 31 Dec 2015 RM'000	Preceding quarter ended 30 Sept 2015 RM'000
Property Development Division		
Revenue	886	1,294
Profit before taxation	309	696

The Group posted a decrease in revenue of RM0.408 million in the current quarter ended 31 December 2015 of RM0.886 million as compared to RM1.294 million in the preceding quarter ended 30 September 2015. The profit before tax for the current quarter ended 31 December 2015 is RM0.309 million, which is RM0.387 million lower than the preceding quarter ended 30 September 2015 of RM0.696 million. The decrease in revenue and profit before tax is due to reason explained in B1.

B3. Prospects

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

The logistics services and equipment rental and engineering divisions are expected to continue contributing positive to the Group in financial year 2016.

Property development division will continue to develop our land bank in phases.

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B4. Profit Forecast or Profit Guarantee

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

B5. Profit before tax

	Individual Quarter		Cumulative Quarter	
	Current year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the period is stated after charging/ (crediting):				
Interest income	(7)	(7)	(250)	(102)
Amortisation	70	12	140	25
Impairment of trade receivables	632	1,091	3,812	6,324
Depreciation of plant and equipment	5,006	4,872	10,111	9,770
Depreciation to investment properties	52	53	116	106
Finance cost	2,058	1,446	3,223	2,927
Unrealised foreign exchange loss/(gain)	202	7	(823)	(35)
Reversal of impairment of receivables	(4,418)	(1,141)	(6,828)	(2,273)

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B6. Taxation

Taxation of the Group comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31/12/2015 <u>RM'000</u>	Preceding Year Corresponding Quarter 31/12/2014 <u>RM'000</u>	Current Year Period 31/12/2015 <u>RM'000</u>	Preceding Year Corresponding Period 31/12/2014 <u>RM'000</u>
Current tax expense	5,845	4,011	9,157	9,286
Deferred tax expense: Origination and reversal of temporary difference	1,060	(105)	1,407	207
	<u>6,905</u>	<u>3,906</u>	<u>10,564</u>	<u>9,493</u>

The effective tax rate of the Group for the current quarter and financial period was higher than the statutory tax rate of 24 per cent principally due to certain expenses not allowable for tax purposes and the non-recognition of deferred tax assets on unused tax losses in certain subsidiaries.

B7. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investment and/or properties during the current quarter and financial period ended 31 December 2015.

B8. Investment in Quoted Securities

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

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B9. Status of Corporate Proposal

RHB Investment Bank Berhad on behalf of Harbour-Link had made an announcement on 10 December 2015 to undertake the following proposals:-

1. Proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in Harbour-Link into two (2) new ordinary shares of RM0.50 each in Harbour-Link (“**Subdivided Share(s)**” or “**Harbour-Link Share(s)**” or “**Share(s)**”) held by the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date (“**Entitled Shareholders**”) to be determined and announced later (“**Entitlement Date**”) (“**Proposed Share Split**”);
2. Proposed bonus issue of up to 36,400,000 new Subdivided Shares (“**Bonus Share(s)**”) to be credited as fully paid-up on the basis of one (1) Bonus Share for every ten (10) Subdivided Shares held by the Entitled Shareholders on the Entitlement Date after the completion of the Proposed Share Split (“**Proposed Bonus Issue of Shares**”);
3. Proposed bonus issue of up to 36,400,000 warrants in Harbour-Link (“**Warrant(s)**”) on the basis of one (1) Warrant for every ten (10) Subdivided Shares held by the Entitled Shareholders on the Entitlement Date after the completion of the Proposed Share Split (“**Proposed Bonus Issue of Warrants**”); and
4. Proposed amendment to the Memorandum and Articles of Association of Harbour-Link (“**M&A**”) to facilitate the implementation of the Proposed Share Split (“**Proposed Amendment**”).

The Bursa Securities has, vide its letter dated 3 February 2016 resolved to approve the the following:-

- (i) The Proposed Share Split;
- (ii) The listing of and quotation for the Subdivided Shares, Bonus Shares, Warrants and new Harbour-Link Shares to be issued arising from the exercise of Warrants on the Main Market of Bursa Securities; and
- (iii) The admissions of the Warrants to the Official List of Bursa Securities;

Subject to the conditions as set out in Section 7 of the circular to shareholders dated on 12 February 2016. The notice of extraordinary general meeting to be held on 7 March 2016, and the circular to shareholders had been advertised and distributed to the shareholders of the Company on 12 February 2016.

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

B10. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2015 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
Term loan	10,568	32,193	42,761
Bank Overdraft	12,556	-	12,556
Finance Lease Liabilities	11,086	21,377	32,463
	<u>34,210</u>	<u>53,570</u>	<u>87,780</u>
Unsecured			
Bankers' Acceptance	2,064	-	2,064
	<u>36,274</u>	<u>53,570</u>	<u>89,844</u>

The above borrowings are denominated in Ringgit Malaysia.

B11. Off Balance Sheet Financial Instruments

During the financial year 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 16 February 2016, being the date not earlier than 7 days from the date of this announcement.

B12. Changes in Material Litigation

Save for the below, there were no changes as at 16 February 2016 being the date not earlier than 7 days from the date of this announcement:

SCMA Reference No: 2015/023 (Notice of Arbitration by Continental Shipping Line ("Claimant") against Harbour Agencies Sdn. Bhd. ("Respondent")).

The Claimant sometime around 2nd October 2015 served a Notice of Arbitration against the Respondent. The case is still in its infancy stage whereby the Claimant has yet to file in its Statement of Claimant's Case which contains an estimation to the quantum of Claimant's claim. The Claimant's claim is against the Respondent in respect of the agreement for the charter of the MV "YADANABON STAR" (the vessel), via a fixture note dated 30th December 2014 to carry a full load of sawn timber to Harbour Centre port in Manila, the Philippines. The claim is strongly disputed by the Respondent based on technicalities and merits and the Respondent stand is that it has acted rightfully in its capacity as the Charterer of the vessel. The Respondent is still in the midst of reviewing the Notice of Arbitration served by the Claimant.

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B13. Dividend

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

B14. Earnings per Share

Basic earnings per share

The basic earnings per share for the current quarter and financial period ended 31 December 2015 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 RM14,496,000 and RM24,837,000 respectively by the number of ordinary shares in issue during the current quarter and financial period ended 31 December 2015 of 182,000,002.

	Current quarter ended 31 Dec 2015	Financial period ended 31 Dec 2015
Profit net of tax attributable to Owners of the parent (in RM)	14,496,000	24,837,000
<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)	7.96	13.65

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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 31 December 2015 pursuant to paragraph 8.23(1) of the Listing Requirements.

	31 Dec 2015 RM'000	30 Sept 2015 RM'000
Corporate guarantees to financial institutions for credit facilities granted to:		
- non wholly-owned subsidiary companies	25,857	21,868

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 December 2015.

B16. Realised and Unrealised Profits/Losses Disclosure

	As at 31 Dec 2015 RM'000	As at 30 June 2015 RM'000
Total retained profits of the Company and its Subsidiaries:		
- Realised	176,444	163,707
- Unrealised	(5,972)	(7,240)
	170,472	156,467
Total share of retained profits from associated company:		
- Realised	3,046	2,224
- Unrealised	-	-
Total group retained profits as per consolidated Accounts	173,518	158,691

This announcement is dated 23rd February 2016.