

HARBOUR-LINK GROUP BERHAD
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 2ND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

(The figures have not been audited).

	INDIVIDUAL QUARTER			
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR PERIOD	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Revenue	123,234	136,821	235,161	252,027
Operating expenses	(106,315)	(110,650)	(198,541)	(206,681)
Gross profit	16,919	26,171	36,620	45,346
Interest income	289	7	659	250
Other income	4,218	6,868	5,883	12,429
Administrative Expenses	(8,496)	(10,576)	(16,801)	(20,561)
Finance costs	(1,338)	(2,058)	(2,701)	(3,223)
Share of results of jointly controlled entity	(31)	(50)	(55)	(93)
Share of results of associated companies	(250)	340	426	899
Profit before taxation	11,311	20,702	24,031	35,047
Taxation	(2,901)	(6,905)	(5,818)	(10,564)
Net profit for the period	8,410	13,797	18,213	24,483
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference on translation of foreign entity	83	(187)	250	1,075
Total comprehensive income for the period	8,493	13,610	18,463	25,558
Profit for the period attributable to:				
Owners of the parent	7,801	14,496	16,614	24,836
Non-Controlling Interests	609	(698)	1,599	(353)
	8,410	13,797	18,213	24,483
Total Comprehensive income for the period attributable to:				
Owners of the parent	7,884	14,309	16,864	25,911
Non-Controlling Interests	609	(698)	1,599	(353)
	8,493	13,611	18,463	25,558
Earnings per share ("EPS") (in sen)				
Basic earnings per share (sen) (Note B14)	1.95	3.62	4.15	6.20
Diluted earnings per share (sen)	1.95	N/A	4.15	N/A

This Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2016.

HARBOUR-LINK GROUP BERHAD
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL POSITION

	As at 31/12/2016 RM'000 (Unaudited)	As at 30/6/2016 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	216,332	207,930
Investment properties	8,958	9,063
Prepaid land lease payment	6,206	6,012
Land held for development	44,741	43,942
Intangible assets	105	105
Investment in jointly-controlled entity	627	683
Investment in associates	5,325	5,019
Other investments	652	652
Deferred tax assets	3,797	3,413
	286,743	276,819
Current assets		
Inventories	31,947	33,180
Trade and other receivables	161,991	144,082
Amount due from customers for contract works	1,512	3,134
Investment securities	29,417	26,264
Other current assets	18,079	8,093
Cash and bank balance	88,379	97,509
	331,325	312,262
TOTAL ASSETS	618,068	589,081
LIABILITIES		
Current liabilities		
Loans and borrowings	47,491	44,112
Trade and other payables	100,533	97,445
Other current liabilities	2,460	1,026
Tax payables	14,586	10,025
	165,070	152,608
Non-current liabilities		
Deferred tax liabilities	16,628	15,446
Loans and borrowings	55,658	57,285
	72,286	72,731
TOTAL LIABILITIES	237,356	225,339
NET ASSETS	380,712	363,742
EQUITY		
Share capital	200,200	200,200
Revenue reserves	135,265	126,408
Total shareholders' equity	335,465	326,608
Non-controlling interest	45,247	37,134
TOTAL EQUITY	380,712	363,742
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.84	0.82

Net assets per share attributable to owner of the Company is calculated based on the net asset attributable to equity holders of owner and the issued and paid-up share capital of the Company of 400,400,004 ordinary shares.

This Condensed Consolidated Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2016.

HARBOUR-LINK GROUP BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016
(The figures have not been audited).

	CURRENT PERIOD ENDED 31/12/2016	COMPARABLE PERIOD ENDED 31/12/2015
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	24,031	35,047
Adjustments for:		
Non-operating items	8,844	7,725
Interest expense	2,701	3,223
Interest income	(659)	(250)
Share of results in associates and jointly controlled entity	(371)	(807)
Operating profit before changes in working capital	34,546	44,938
Changes in working capital:		
Decrease / (Increase) in inventories	1,233	(297)
(Increase) in trade and other receivables	(18,505)	(8,322)
Decrease/(Increase) in amount due from customers for contract works	3,287	(1,113)
Increase/(Decrease) in other current liabilities	1,435	(8,861)
Increase in trade and other payables	3,355	4,272
Net cash generated from operations activities	25,351	19,957
Interest paid	(2,701)	(3,223)
Interest received	805	250
Tax paid	(7,999)	(6,772)
Net cash generated from operating activities	15,456	10,253
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,042)	(16,127)
Decrease in fixed deposit pledged	1,439	-
(Increase) in cash at bank pledged for borrowings	(63)	(948)
(Increase) in investment securities	(3,153)	(6,809)
Capital contributed by NCI in subsidiary	6,868	(56)
Proceeds from disposal of property, plant and equipment	450	-
Net cash (used in) investing activities	(8,501)	(22,623)
Cash flows from financing activities		
Dividend paid	(8,242)	(10,010)
Net proceeds from/(repayment of) borrowings	534	(476)
Net proceeds (repayment of) of lease payables	(5,786)	(6,081)
Net cash used in financing activities	(13,494)	(16,567)
Net decrease in cash and cash equivalents	(6,539)	(28,937)
Cash and cash equivalents at beginning of period	77,074	80,298
Cash and cash equivalents at end of period	70,535	51,361

Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	87,075	76,633
Bank Overdraft	(11,463)	(12,556)
Cash at bank pledged as securities for bank borrowings	(3,084)	(4,003)
Short term deposits pledged as securities for bank borrowings	(1,993)	(8,713)
	<u>70,535</u>	<u>51,361</u>

This Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2016.

HARBOUR-LINK GROUP BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 31ST DECEMBER 2016
(The figures have not been audited).

	ATTRIBUTABLE TO EQUITY HOLDERS OF COMPANY							NON-CONTROLLING INTEREST RM'000
	TOTAL EQUITY RM'000	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	SHARE CAPITAL RM'000	NON-DISTRIBUTABLE FOREIGN CURRENCY TRANSLATION RESERVE RM'000	OTHER RESERVE RM'000	DISTRIBUTABLE RETAINED EARNINGS/ (ACCUMULATED LOSSES) RM'000		
6 MONTHS ENDED 30 SEPTEMBER 2016 At 1 July 2016	363,743	326,609	200,200	2,674	(62,945)	186,680	37,134	
Capital contributed by Non Controlling Interest in Subsidiary	6,868	-	-	-	-	-	6,868	
Dividends on ordinary shares	(8,362)	(8,008)	-	-	-	(8,008)	(354)	
Total comprehensive income for the period	18,463	16,864	-	250	-	16,614	1,599	
At 31 DECEMBER 2016	380,712	335,465	200,200	2,924	(62,945)	195,286	45,247	
6 MONTHS ENDED 30 SEPTEMBER 2015 At 1 July 2015	298,873	279,370	182,000	1,624	(62,945)	158,691	19,503	
Capital contributed by Non Controlling Interest in Subsidiary	564	-	-	-	-	-	564	
Dividends on ordinary shares	(10,780)	(10,010)	-	-	-	(10,010)	(770)	
Total comprehensive income for the period	25,558	25,911	-	1,075	-	24,836	(353)	
At 31 DECEMBER 2015	314,215	295,271	182,000	2,699	(62,945)	173,517	18,944	

Remarks:

This Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2016.

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 2016.

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 2016 except for the adopting of the following MFRSs, IC interpretation and Amendments to MFRSs during the current financial period :

<u>Description</u>	<u>Effective for period beginning on or after</u>
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019

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 2016 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.

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 2016.

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

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 2016.

A7. Dividend Paid

A first and final dividend of 2 sen net per ordinary share of RM1.00 each for the financial year ended 30 June 2016 amounting to RM8,008,000 (2015: RM10,010,000) was paid on 19 December 2016.

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

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 2016</u>	<u>Shipping, marine service & others</u> RM'000	<u>Logistics Services & Machineries</u> RM'000	<u>Engineering works</u> RM'000	<u>Property Development</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
REVENUE						
Revenue from external sales	141,408	68,306	19,317	6,130	-	235,161
Inter-segment sales	8,258	5,321	-	-	(13,579)	-
	<u>149,666</u>	<u>73,627</u>	<u>19,317</u>	<u>6,130</u>	<u>(13,579)</u>	<u>235,161</u>
RESULTS						
Profit before taxation from the normal operation :	8,769	12,441	920	2,036	(135)	24,031
Profit before taxation includes:						
Amortisation	87	78	-	-	-	165
Depreciation to investment properties	31	72	-	-	-	103
Depreciation	4,918	6,227	191	55	-	11,391
Finance Cost	922	1,301	154	324	-	2,701
Reversal of Impairment of trade receivables	(591)	(2,713)	-	-	-	(3,304)
Share of profits/(loss) in jointly controlled entities and associates	426	(55)	-	-	-	(371)

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A8. Segment Information (Cont'd)

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

Financial period to date 31 December 2016	Shipping, marine service & others	Logistics Services & Machineries	Engineering works	Property Development	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
SEGMENT ASSETS	199,919	304,698	83,890	97,251	(71,486)	614,272
Deferred tax assets	1,902	1,894	-	-	-	3,796
TOTAL ASSETS	201,821	306,592	83,890	97,251	(71,486)	618,068
Included in measure of segment assets are :						
Investment in associates	5,325	-	-	-	-	5,325
Investment in jointly controlled entities	-	627	-	-	-	627
Additional to property, plant and equipment	6,694	4,455	1,371	1,522	-	14,042
SEGMENT LIABILITIES	67,785	151,051	13,258	39,313	(50,679)	220,728
Deferred tax liabilities	4,813	9,858	1,919	38	-	16,628
TOTAL LIABILITIES	72,598	160,909	15,177	39,351	(50,679)	237,356

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A8. Segment Information (Cont'd)

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

Financial period to date <u>31 December 2015</u>	Shipping, marine service & others RM'000	Logistics Services & Machineries RM'000	Engineering works RM'000	Property Development RM'000	Elimination RM'000	Total RM'000
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>
	(3,411)	26,999	10,426	1,005	28	35,047
RESULTS						
Profit before taxation from the normal operation :						
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 debt written off	-	35	-	-	-	35
Share of profits/(loss) in jointly controlled entities and associates	899	(93)	-	-	-	806

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

A8. Segment Information (Cont'd)

<u>Financial period to date</u> <u>31 December 2015</u>	Shipping, marine service & others	Logistics Services & Machineries	Engineering works	Property Development	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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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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 2016.

A10. Significant Post Balance Sheet Event

There are no material events as at 14 February 2017, 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 2016:

1. On 22nd July 2016, Advance Mariner Lines Sdn. Bhd. (“AMLSB”), a subsidiary of Harbour-Link, has incorporated a wholly-owned subsidiary under the name of AML Shipping (Singapore) Pte. Ltd. (“AMLSPL”) in Singapore. AMLSPL was incorporated with an issued and fully paid-up share capital of SGD1.00 divided into 1 ordinary share of SGD1.00 each.
2. On 7th November 2016, Advance Mariner Lines Sdn Bhd (“AMLSB”), a subsidiary of Harbour-Link had acquired One (1) ordinary share of RM1.00 each (“Share”), representing 50% equity interest in AML Shipping (Sabah) Sdn. Bhd. (Company No.1204210-A) (“AMLSabah”) from Ting May Foong (941026-13-6382) for a total cash consideration of RM1.00 (“the Acquisition”). Ting May Fong is a non-related party. On 7 November 2016, AMLSB had subscribed for an additional fifty thousand nine hundred and ninety nine (50,999) new ordinary shares of RM1.00 each (“Shares”) in AMLSabah representing 51% of the enlarged issued share capital of AMLSabah for a cash consideration of RM50,999 (the “Subscription”). The Subscription was funded by internally generated funds. Following the Acquisition and Subscription, AMLSabah becomes a 51% owned subsidiary of AMLSB. The balance 49% is held by Wong Leh Hee (NRIC 870529-52-6280).

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

A11. Changes in Composition of the Group (Cont'd)

3. On 22nd December 2016, Harbour-Link (M) Sdn Bhd (“HLMSB”), a subsidiary of Harbour-Link had on - acquired One (1) ordinary share of RM1.00 each (“Share”), representing 50% equity interest in Harbour-Link Forwarders Sdn. Bhd. (Company No. 1193136-W) (“HLF”) from Norhidayah Binti Talip (870529-52-6280) for a total cash consideration of RM1.00 (“the Acquisition”). On 22nd December 2016, HLFSB had subscribed for an additional thirty four thousand nine hundred and ninety nine (34,999) new ordinary shares of RM1.00 each (“Shares”) in HLF representing 51.00% of the enlarged issued share capital of HLF for a cash consideration of RM34,999 (the “Subscription”). The Subscription was funded by internally generated funds. Following the Acquisition and Subscription, HLF becomes a 51.00% owned subsidiary of HLMSB. The balance 49.00% is held by Tan Tiong Pan (NRIC 550726-13-5243).

A12. Contingent Liabilities

Changes in contingent liabilities since the last annual balance sheet date to 14 February 2017, being the date not earlier than 7 days from the date of this announcement, are as follows:

	14 February 2017 RM'000	30 June 2016 RM'000
Corporate guarantees to financial institutions for credit facilities granted to:		
- Subsidiary companies	123,837	117,015

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

A13. Capital Commitments

	31 Dec 2016 RM'000	30 Sept 2016 RM'000
Capital expenditure Authorised and contracted for	3,548	2,847

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 2016 RM'000	Balance due from/(to) As at 31 Dec 2016 RM'000
Transaction with companies in which Certain Directors of the Company have substantial interests		
Sales of goods and services	146	75
Purchase of goods and services	880	(973)

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

	Individual Quarter		Cumulative Quarter	
	Current period	Preceding Period	Current Financial	Preceding Financial
	Quarter	Corresponding Quarter	Period	Period
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	123,234	136,821	235,161	252,027
Profit before tax	11,311	20,702	24,031	35,047

The Group posted revenue of RM235.161 million for the current financial period ended 31 December 2016, which is RM16.866 million lower than the preceding financial period of RM252.027 million. The profit before tax for the current financial period ended 31 December 2016, which is RM24.031 million while the preceding financial period is RM35.047 million.

Shipping, marine services and other division	Individual Quarter		Cumulative Quarter	
	Current period	Preceding Period	Current Financial	Preceding Financial
	Quarter	Corresponding Quarter	Period	Period
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	77,658	70,861	141,408	130,168
Profit before tax	3,681	(4,837)	8,769	(3,411)

The shipping, marine services & others division recorded revenue of RM141.408 million which is RM11.240 million higher than the preceding financial period of RM130.168 million. The profit before tax for the current financial period is RM8.769 million which is RM12.180 million higher than the preceding financial period loss of RM3.411 million. The increase in revenue is due to commencement of new shipping business namely AML Shipping Sdn. Bhd.. Profit before tax has increased significantly as compared to last financial period due to loss on disposal of one (1) old vessel and preliminaries cost for the two (2) newly acquired vessels from last financial year.

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

	Individual Quarter		Cumulative Quarter	
	Current period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
Logistics Services & Machineries division	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	33,371	52,441	68,306	92,573
Profit before tax	6,037	20,309	12,441	26,999

The logistics services and machineries division recorded revenue of RM68.306 million and profit before tax of RM12.441 million for the current financial period as compared to the preceding financial period of RM92.573 million and RM26.999 million respectively. The decrease in revenue and profit before tax of RM24.267 million and RM14.558 million respectively is mainly due to lower volume of cargo freighting and project cargoes handled.

	Individual Quarter		Cumulative Quarter	
	Current period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
Engineering Division	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	9,175	12,633	19,317	27,106
Profit before tax	869	5,483	920	10,426

The engineering works division recorded a revenue of RM19.317 million and profit before tax of RM0.920 million for the current financial period as compared to the preceding corresponding financial period of RM27.106 million and RM10.426 million respectively. The decrease in revenue and profit before tax is due to certain projects are near completion.

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

	Individual Quarter		Cumulative Quarter	
	Current period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
Property Development Division	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	3,030	886	6,130	2,180
Profit before tax	1,127	309	2,036	1,005

The property development division recorded revenue of RM6.130 million and profit before tax of RM2.036 million for the current financial period as compared to the preceding financial period of RM2.180 million and RM1.005 million. The higher revenue and profit before tax is due to the recognition of income from the sales of few completed units of Kidurong Gateway projects.

B2. Comparison with Preceding Quarter's Results

	Current quarter ended 31 Dec 2016 RM'000	Preceding quarter ended 30 Sept 2016 RM'000
Revenue	123,234	111,927
Profit before taxation	11,311	12,720

The Group posted revenue of RM123.234 million for the current quarter ended 31 December 2016, which is RM11.307 million higher than the preceding quarter ended 30 September 2016 of RM111.927 million. The profit before tax for the current quarter ended 31 December 2016 is RM11.311 million, which is RM1.409 million lower than the preceding quarter ended 30 September 2016 of RM12.720 million.

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

	Current quarter ended 31 Dec 2016 RM'000	Preceding quarter ended 30 Sept 2016 RM'000
Shipping, marine services and other division		
Revenue	77,658	63,750
Profit before taxation	3,681	5,088

The Group posted an increase in revenue of RM13.908 million in the current quarter ended 31 December 2016 of RM77.658 million as compared to RM63.750 million in the preceding quarter ended 30 September 2016. The profit before tax for the current quarter ended 31 December 2016 is RM1.407 million lower than preceding quarter ended 30 September 2016 of RM5.088 million due to general increase in fuel cost and competitive local freight rates.

	Current quarter ended 31 Dec 2016 RM'000	Preceding quarter ended 30 Sept 2016 RM'000
Logistics Services & Machineries division		
Revenue	33,371	34,935
Profit before taxation	6,037	6,404

The Group posted a decrease in revenue of RM1.564 million in the current quarter ended 31 December 2016 of RM33.371 million as compared to RM34.935 million in the preceding quarter ended 30 September 2016. The profit before tax for the current quarter ended 31 December 2016 is RM6.037 million, which is RM0.367 million lower than the preceding quarter ended 30 September 2016 of RM6.404 million. The decrease in revenue and profit before tax in the current quarter is due to reason explained in B1.

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

	Current quarter ended 31 Dec 2016 RM'000	Preceding quarter ended 30 Sept 2016 RM'000
Engineering Division		
Revenue	9,175	10,142
Profit before taxation	869	51

The Group posted a decrease in revenue of RM0.967 million in the current quarter ended 31 December 2016 of RM9.175 million as compared to RM10.142 million in the preceding quarter ended 30 September 2016. The profit before tax for the current quarter ended 31 December 2016 is RM0.869 million, which is RM0.818 million higher than the preceding quarter ended 30 September 2016 of RM0.051 million. The decrease in revenue and higher profit before tax is due to reason explained in B1.

	Current quarter ended 31 Dec 2016 RM'000	Preceding quarter ended 30 Sept 2016 RM'000
Property Development Division		
Revenue	3,030	3,100
Profit before taxation	1,127	909

The Group posted a slight decrease in revenue of RM0.070 million in the current quarter ended 31 December 2016 of RM3.03 million as compared to RM3.1 million in the preceding quarter ended 30 September 2016. The profit before tax for the current quarter ended 31 December 2016 is RM1.127 million, which is RM0.218 million higher than the preceding quarter ended 30 September 2016 of RM0.909 million. The decrease in revenue and higher profit before tax is due to is due to reason explained in B1.

B3. Prospects

The current uncertainty in the domestic and regional economy has close impact on the Group's performance, thus the Board anticipates the Group's business to remain challenging for the remaining financial year.

The Group will continue to focus on the total logistics segments through its investment in additional warehousing facilities. Warehouses that will begin its construction in beginning of 2017, will be completed towards the end of the calendar year 2017. It will contribute positively to the result of the Group in financial year 2018.

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B3. Prospects (Cont'd)

With our recent acquisition of additional vessel, our shipping and marine division is looking into positioning itself to capture additional market share in the local container shipping industry.

Engineering divisions is expected to continue contributing positive to the Group in financial year 2017.

Property development division has fully completed Phase 1 and Phase 2 and future phases will be launched subject to market demand.

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 period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<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	(289)	(7)	(659)	(250)
Amortisation	83	70	165	140
Depreciation of plant and equipment	5,760	5,006	11,391	10,111
Depreciation to investment properties	51	52	103	116
Finance cost	1,338	2,058	2,701	3,223
Unrealised foreign exchange loss/(gain)	(384)	202	(482)	(823)
Reversal of impairment of receivables, net of allowance	(2,580)	(3,786)	(3,304)	(3,016)

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B6. Taxation

Taxation of the Group comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expense	1,863	5,845	5,020	9,157
Deferred tax expense: Origination and reversal of temporary difference	1038	1,060	798	1,407
	<hr/> 2,901	<hr/> 6,905	<hr/> 5,818	<hr/> 10,564

The effective tax rate of the Group for the current quarter and financial period was slightly higher than the statutory tax rate of 24 per cent principally due to certain expenses not allowable for tax purposes 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 2016.

B8. Investment in Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter and financial period ended 31 December 2016.

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B9. Status of Corporate Proposal

There were no pending corporate proposals up to 14 February 2017, 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 2016 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
Term loan	11,898	37,135	49,033
Bank Overdraft	11,463	-	11,463
Finance Lease Liabilities	11,395	18,523	29,918
	<u>34,756</u>	<u>55,657</u>	<u>90,414</u>
Unsecured			
Bankers' Acceptance	5,015	-	5,015
Revolving Credit	7,720	-	7,720
	<u>47,491</u>	<u>55,658</u>	<u>103,149</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 14 February 2017, being the date not earlier than 7 days from the date of this announcement.

B12. Changes in Material Litigation

There are no changes in material litigation since the last annual balance sheet date till 14 February 2017 being the date not earlier than 7 days from the date of this announcement.

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

B13. Dividend declared

No dividend was declared for the current quarter and financial period ended 31 December 2016.

B14. Earnings per Share

Basic earnings per share

The basic earnings per share for the current quarter and financial period ended 31 December 2016 is calculated by dividing the Group's profit for the period, net of tax, attributable to owners of the parent for the current quarter of RM7,801,000 and financial period of RM16,614,000 by the number of ordinary shares in issue during the current quarter and financial period ended 31 December 2016 of 400,400,004.

	Individual Quarter		Cumulative Quarter	
	Current period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Earnings Per Share				
Profit net of tax attributable to Owners of the parent (in RM)	7,801	14,496	16,614	24,836
Weighted average number of ordinary shares in issue ('000)	400,400	400,400*	400,400	400,400*
Basic earnings per share (sen)	1.95	3.62	4.15	6.20
Diluted earnings per share (sen)*	1.95	N/A	4.15	N/A

*The previous year's earnings per share have been restated to reflect the share split and bonus issue which were completed on 30th June 2016.

*The diluted earnings per share of the Group is similar to the basic earnings per share as the assumed conversion from the exercise of warrants would be anti-dilutive.

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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 2016 pursuant to paragraph 8.23(1) of the Listing Requirements.

	31 Dec 2016 RM'000	30 Sept 2016 RM'000
Corporate guarantees to financial institutions for credit facilities granted to:		
- non wholly-owned subsidiary companies	33,949	34,342

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 2016.

B16. Realised and Unrealised Profits/Losses Disclosure

	As at 31 Dec 2016 RM'000	As at 30 June 2016 RM'000
Total retained profits of the Company and its Subsidiaries:		
- Realised	203,773	194,896
- Unrealised	(12,146)	(11,556)
	191,627	183,340
Total share of retained profits from associated company:		
- Realised	3,659	3,340
- Unrealised	-	-
	3,659	3,340
Total group retained profits as per consolidated Accounts	195,286	186,680

This announcement is dated 21st February 2017.