

**HARBOUR-LINK GROUP BERHAD****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE 3RD QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

(The figures have not been audited).

	INDIVIDUAL QUARTER			
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR PERIOD	PRECEDING YEAR CORRESPONDING PERIOD
	31/3/2017	31/3/2016	31/3/2017	31/3/2016
	RM'000	RM'000	RM'000	RM'000
Revenue	150,682	181,599	385,842	433,626
Operating expenses	(136,494)	(128,180)	(335,035)	(334,861)
<b>Gross profit</b>	<b>14,188</b>	<b>53,419</b>	<b>50,807</b>	<b>98,765</b>
Interest income	237	33	896	283
Other income	2,879	6,783	8,761	19,212
Administrative Expenses	(12,867)	(16,554)	(29,668)	(37,115)
Finance costs	(1,502)	(1,092)	(4,203)	(4,315)
Share of results of jointly controlled entity	(30)	(82)	(85)	(175)
Share of results of associated companies	201	133	627	1,032
<b>Profit before taxation</b>	<b>3,106</b>	<b>42,640</b>	<b>27,135</b>	<b>77,687</b>
Taxation	(2,322)	(13,731)	(8,139)	(24,295)
<b>Net profit for the period</b>	<b>784</b>	<b>28,909</b>	<b>18,996</b>	<b>53,392</b>
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Exchange difference on translation of foreign entity	937	(530)	1,187	545
Total comprehensive income for the period	1,721	28,379	20,183	53,937
Profit for the period attributable to:				
Owners of the parent	543	15,288	17,155	40,124
Non-Controlling Interests	241	13,621	1,841	13,268
	784	28,909	18,996	53,392
Total Comprehensive income for the period attributable to:				
Owners of the parent	1,480	14,758	18,342	40,669
Non-Controlling Interests	241	13,621	1,841	13,268
	1,721	28,379	20,183	53,937
Earnings per share ("EPS") (in sen)				
Basic earnings per share (sen) (Note B14)	0.14	3.82	4.28	10.02
Diluted earnings per share (sen)	0.14	N/A	4.28	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	As at
	31/3/2017	30/6/2016
	RM'000	RM'000
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	214,180	207,930
Investment properties	8,906	9,063
Prepaid land lease payment	5,908	6,012
Land held for development	45,189	43,942
Intangible assets	105	105
Investment in jointly-controlled entity	597	683
Investment in associates	5,526	5,019
Other investments	652	652
Deferred tax assets	3,572	3,413
	<b>284,635</b>	<b>276,819</b>
<b>Current assets</b>		
Inventories	32,675	33,180
Trade and other receivables	149,644	144,082
Amount due from customers for contract works	3,836	3,134
Investment securities	49,507	26,264
Other current assets	23,783	8,093
Cash and bank balance	92,356	97,509
	<b>351,801</b>	<b>312,262</b>
<b>TOTAL ASSETS</b>	<b>636,436</b>	<b>589,081</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Loans and borrowings	64,833	44,112
Trade and other payables	114,530	97,445
Other current liabilities	1,629	1,026
Tax payables	5,134	10,025
	<b>186,126</b>	<b>152,608</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	16,228	15,446
Loans and borrowings	51,650	57,285
	<b>67,878</b>	<b>72,731</b>
<b>TOTAL LIABILITIES</b>	<b>254,004</b>	<b>225,339</b>
<b>NET ASSETS</b>	<b>382,432</b>	<b>363,742</b>
<b>EQUITY</b>		
Share capital	200,200	200,200
Revenue reserves	136,743	126,408
Total shareholders' equity	<b>336,943</b>	<b>326,608</b>
Non-controlling interest	45,489	37,134
<b>TOTAL EQUITY</b>	<b>382,432</b>	<b>363,742</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)</b>	<b>0.84</b>	<b>0.82</b>

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 MARCH 2017**  
(The figures have not been audited).

	<b>CURRENT PERIOD ENDED 31/03/2017</b>	<b>COMPARABLE PERIOD ENDED 31/03/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	27,135	77,687
Adjustments for:		
Non-operating items	14,198	10,692
Interest expense	4,203	4,315
Interest income	(896)	(283)
Share of results in associates and jointly controlled entity	(542)	(858)
<b>Operating profit before changes in working capital</b>	<b>44,098</b>	<b>91,553</b>
Changes in working capital:		
Acquisition of property development cost	-	21,876
Decrease in inventories	506	472
(Increase) in trade and other receivables	(988)	(7,261)
(Increase) in amount due from customers for contract works	(701)	(4,975)
Increase/(Decrease) in other current liabilities	603	(73,680)
Increase in trade and other payables	7,682	7,475
<b>Net cash generated from operations activities</b>	<b>51,200</b>	<b>35,460</b>
Interest paid	(4,203)	(4,315)
Interest received	896	283
Tax refund	-	422
Tax paid	(19,455)	(20,125)
<b>Net cash generated from operating activities</b>	<b>28,438</b>	<b>11,725</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(17,327)	(27,040)
Decrease in cash at bank pledged for borrowings	2,785	459
(Increase)/Decrease in investment securities	(23,242)	331
Capital contributed by NCI in subsidiary	6,868	1,946
Net Proceeds disposal of subsidiary	(5)	-
Proceeds from disposal of property, plant and equipment	419	3,473
<b>Net cash (used in) investing activities</b>	<b>(30,502)</b>	<b>(20,831)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(8,242)	(10,306)
Net proceeds from borrowings	11,710	13,561
Net (repayment of) of lease payables	(9,900)	(9,823)
<b>Net cash used in financing activities</b>	<b>(6,432)</b>	<b>(6,568)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,496)</b>	<b>(15,674)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>77,074</b>	<b>80,298</b>
<b>Cash and cash equivalents at end of period</b>	<b>68,578</b>	<b>64,624</b>

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

Cash and bank balances	91,085	87,171
Bank Overdraft	(17,544)	(16,625)
Cash at bank pledged as securities for bank borrowings	(2,890)	(2,600)
Short term deposits pledged as securities for bank borrowings	(2,073)	(3,322)
	<u>68,578</u>	<u>64,624</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 9 MONTHS ENDED 31ST MARCH 2017**

(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		DISTRIBUTABLE RETAINED EARNINGS / (ACCUMULATED LOSSES) RM'000	
				FOREIGN CURRENCY TRANSLATION RESERVE RM'000	OTHER RESERVE RM'000		
<b>9 MONTHS ENDED 31ST MARCH 2017</b>							
<b>At 1 July 2016</b>	<b>363,743</b>	<b>326,609</b>	<b>200,200</b>	<b>2,674</b>	<b>(62,945)</b>	<b>186,680</b>	<b>37,134</b>
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	20,183	18,342	-	1,187	-	17,155	1,841
<b>At 31 MARCH 2017</b>	<b>382,432</b>	<b>336,943</b>	<b>200,200</b>	<b>3,861</b>	<b>(62,945)</b>	<b>195,827</b>	<b>45,489</b>
<b>9 MONTHS ENDED 31 MARCH 2016</b>							
<b>At 1 July 2015</b>	<b>298,873</b>	<b>279,370</b>	<b>182,000</b>	<b>1,624</b>	<b>(62,945)</b>	<b>158,691</b>	<b>19,503</b>
Capital contributed by Non Controlling Interest in Subsidiary	1,946	-				-	1,946
Capitalized of Bonus Issue	-	-	18,200			(18,200)	-
Dividends on ordinary shares	(10,780)	(10,010)				(10,010)	(770)
Total comprehensive income for the period	53,937	40,669	-	545		40,124	13,268
<b>At 31 MARCH 2016</b>	<b>343,976</b>	<b>310,029</b>	<b>200,200</b>	<b>2,169</b>	<b>(62,945)</b>	<b>170,605</b>	<b>33,947</b>

**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 30<sup>th</sup> 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 March 2017.

## **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 March 2017

### ***A7. Dividend Paid***

No dividend was paid in the current quarter.

## 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:

<b>Financial period to date</b> <b>31 March 2017</b>	<b>Shipping, marine service &amp; others</b>	<b>Logistics Services &amp; Machineries</b>	<b>Engineering works</b>	<b>Property Development</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>REVENUE</b>						
Revenue from external sales	238,322	115,888	25,251	6,381	-	385,842
Inter-segment sales	12,034	7,910	-	-	(19,944)	-
	<u>250,356</u>	<u>123,798</u>	<u>25,251</u>	<u>6,381</u>	<u>(19,944)</u>	<u>385,842</u>
<b>RESULTS</b>						
Profit before taxation from the normal operation :	10,431	17,292	(2,165)	2,263	(686)	27,135
Profit before taxation includes:						
Amortisation	131	118	-	-	-	249
Depreciation to investment properties	48	109	-	-	-	157
Depreciation	7,377	9,291	281	106	-	17,055
Finance Cost	1,425	2,055	228	495	-	4,203
Reversal of Impairment of trade receivables	(1,214)	(723)	-	-	-	(1,937)
Share of profits/(loss) in jointly controlled entities and associates	627	(85)	-	-	-	542

## 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:

<b>Financial period to date</b>	<b>Shipping, marine service &amp; others</b>	<b>Logistics Services &amp; Machineries</b>	<b>Engineering works</b>	<b>Property Development</b>	<b>Elimination</b>	<b>Total</b>
<b>31 March 2017</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>SEGMENT ASSETS</b>	264,267	257,661	76,661	96,678	(62,403)	632,864
Deferred tax assets	1,844	1,728	-	-	-	3,572
<b>TOTAL ASSETS</b>	<b>266,111</b>	<b>259,389</b>	<b>76,661</b>	<b>96,678</b>	<b>(62,403)</b>	<b>636,436</b>
<b>Included in measure of segment assets are :</b>						
Investment in associates	5,526	-	-	-	-	5,526
Investment in jointly controlled entities	-	597	-	-	-	597
Additional to property, plant and equipment	6,819	4,581	3,692	2,235	-	17,327
<b>SEGMENT LIABILITIES</b>	124,869	111,712	12,589	38,918	(50,312)	237,776
Deferred tax liabilities	4,795	9,745	1,599	89	-	16,228
<b>TOTAL LIABILITIES</b>	<b>129,664</b>	<b>121,457</b>	<b>14,188</b>	<b>39,007</b>	<b>(50,312)</b>	<b>254,004</b>



## 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:

<b>Financial period to date</b> <b>31 March 2016</b>	<b>Shipping, marine service &amp; others</b>	<b>Logistics Services &amp; Machineries</b>	<b>Engineering works</b>	<b>Property Development</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>REVENUE</b>						
Revenue from external sales	187,704	131,292	40,027	74,603	-	433,626
Inter-segment sales	14,555	9,159	-	-	(23,714)	-
	<u>202,259</u>	<u>140,451</u>	<u>40,027</u>	<u>74,603</u>	<u>(23,714)</u>	<u>433,626</u>
<b>RESULTS</b>						
Profit before taxation from the normal operation :	(5,832)	30,691	12,992	39,870	(34)	77,687
Profit before taxation includes:						
Amortisation	130	80	-	-	-	210
Depreciation to investment properties	46	121	-	-	-	167
Depreciation	6,087	9,069	263	164	-	15,583
Finance Cost	1,305	2,083	245	682	-	4,315
Reversal of Impairment of trade receivables	(3,269)	(5,859)	-	-	-	(9,128)
Impairment of trade receivables	2,322	3,572	-	-	-	5,894
Bad debts recovered	-	-	-	-	-	-
Bad debt written off	-	47	-	-	-	47
Share of profits/(loss) in jointly controlled entities and associates	1,032	(175)	-	-	-	857

## 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:

<b>Financial period to date</b>	<b>Shipping, marine service &amp; others</b>	<b>Logistics Services &amp; Machineries</b>	<b>Engineering works</b>	<b>Property Development</b>	<b>Elimination</b>	<b>Total</b>
<b>31 March 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>SEGMENT ASSETS</b>	194,635	261,854	80,407	101,793	(46,443)	592,246
Deferred tax assets	504	2,596	72	-	-	3,172
<b>TOTAL ASSETS</b>	<b>195,139</b>	<b>264,450</b>	<b>80,479</b>	<b>101,793</b>	<b>(46,443)</b>	<b>595,418</b>
<b>Included in measure of segment assets are :</b>						
Investment in associates	4,707	-	-	-	-	4,707
Investment in jointly controlled entities	-	726	-	-	-	726
Additional to property, plant and equipment	24,907	1,439	694	-	-	27,040
<b>SEGMENT LIABILITIES</b>	103,433	116,639	11,491	52,168	(48,083)	235,648
Deferred tax liabilities	3,979	9,915	1,871	28	-	15,793
<b>TOTAL LIABILITIES</b>	<b>107,412</b>	<b>126,554</b>	<b>13,362</b>	<b>52,196</b>	<b>(48,083)</b>	<b>251,441</b>

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

### ***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 17 May 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 March 2017:

1. On 22<sup>nd</sup> 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 7<sup>th</sup> 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 22<sup>nd</sup> 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 22<sup>nd</sup> 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 70.00% 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 70.00% owned subsidiary of HLMSB. The balance 30.00% is held by Tan Tiong Pan (NRIC 550726-13-5243).
4. On 5<sup>th</sup> January 2017, Harbour Agencies (Sarawak) Sdn Bhd. (“HASSB”), a wholly-owned subsidiary of Harbour-Link, had incorporated a wholly-owned subsidiary under the name of Union Star Shipping Pte Ltd. (“USSPL”) in Singapore with the paid-up share capital of SGD 1.00 divided into 1 ordinary share of SGD1.00 each.
5. On 29<sup>th</sup> March 2017, Harbour-Link (M) Sdn Bhd. (“HLMSB”), a wholly-owned subsidiary of Harbour-Link, had entered into a Share Sale Agreement (“SSA”) with Multi-Arms Logistics Sdn. Bhd. (Company No.586553-P) (“MALSB”) for the disposal of 1,000,000 ordinary shares in Progresif Lengkap Sdn. Bhd. (Company No.410555-M) (“PLSB”) and 100 ordinary shares in Road Safety & Driving Academy Sdn. Bhd. (Company No. 660675-K) (“ROSDA”) (“Sale Shares”) representing the entire share capital of PLSB and ROSDA (“the Disposal”) for a total consideration of RM5,000.00 only (“Disposal Consideration”). ROSDA is a wholly-owned subsidiary of PLSB which is a wholly-owned subsidiary of HLMSB and which in turn is a wholly-owned subsidiary of Harbour-Link.

### A12. Contingent Liabilities

Changes in contingent liabilities since the last annual balance sheet date to 17 May 2017, being the date not earlier than 7 days from the date of this announcement, are as follows:

	17 May 2017 RM'000	30 June 2016 RM'000
Corporate guarantees to financial institutions for credit facilities granted to:		
- Subsidiary companies	104,767 =====	117,015 =====

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

### A13. Capital Commitments

	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Capital expenditure Authorised and contracted for	10,743	3,548

### 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 Mar 2017 RM'000	Balance due from/(to) As at 31 Mar 2017 RM'000
Transaction with companies in which Certain Directors of the Company have substantial interests		
Sales of goods and services	282	136
Purchase of goods and services	567	(703)

## 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 Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	150,682	181,599	385,842	433,626
Profit before tax	3,106	42,640	27,135	77,687

The Group posted revenue of RM385.84 million for the current financial period ended 31 March 2017, which is RM47.79 million lower than the preceding financial period of RM433.63 million. The profit before tax for the current financial period ended 31 March 2017, which is RM27.14 million while the preceding financial period is RM77.69 million.

	Individual Quarter		Cumulative Quarter	
	Current period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
Shipping, marine services and other division	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	96,914	57,536	238,322	187,704
Profit/(Loss) before tax	1,668	(2,421)	10,437	(5,832)

The shipping, marine services & others division recorded revenue of RM238.32 million which is RM50.62 million higher than the preceding financial period of RM187.70 million. The profit before tax for the current financial period is RM10.44 million which is RM16.27 million higher than the preceding financial period loss of RM5.83 million. The increase in revenue is due to commencement of new shipping business namely AML Shipping Sdn. Bhd.. The increase in profit before tax was due to one-off loss on disposal of one (1) old vessel and preliminaries cost for the two (2) newly acquired vessels from last financial period.

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

### 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
<b>Logistics Services &amp; Machineries division</b>	<b>31/03/2017</b>	<b>31/03/2016</b>	<b>31/03/2017</b>	<b>31/03/2016</b>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	47,582	38,719	115,888	131,292
Profit before tax	4,848	3,692	17,288	30,691

The logistics services and machineries division recorded revenue of RM115.89 million and profit before tax of RM17.29 million for the current financial period as compared to the preceding financial period of RM131.29 million and RM30.69 million respectively. The decrease in revenue of RM15.40 million is mainly due to lower volume of cargo freighting and project cargoes handled. The decrease in profit before tax of RM13.40 million is mainly due to higher operating cost.

	Individual Quarter		Cumulative Quarter	
	Current period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
<b>Engineering Division</b>	<b>31/03/2017</b>	<b>31/03/2016</b>	<b>31/03/2017</b>	<b>31/03/2016</b>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	5,934	12,921	25,251	40,027
(Loss)/Profit before tax	(3,085)	2,566	(2,165)	12,992

The engineering works division recorded a revenue of RM25.25 million and loss before tax of RM2.17 million for the current financial period as compared to the preceding corresponding financial period of RM40.03 million and RM12.99 million respectively. The decrease in revenue and the loss before tax is due to certain projects are near completion and anticipated delay in new projects.

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

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

<b>Property Development Division</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current period Quarter</b>	<b>Preceding Period Corresponding Quarter</b>	<b>Current Financial Period</b>	<b>Preceding Financial Period</b>
	<b>31/03/2017</b>	<b>31/03/2016</b>	<b>31/03/2017</b>	<b>31/03/2016</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Revenue	251	72,423	6,381	74,603
Profit before tax	227	38,865	2,263	39,870

The property development division recorded revenue of RM6.38 million and profit before tax of RM2.26 million for the current financial period as compared to the preceding financial period of RM74.60 million and RM39.87 million. The lower revenue and profit before tax is due to the lower sales of the completed units of Kidurong Gateway projects.

### *B2. Comparison with Preceding Quarter's Results*

	<b>Current quarter ended 31 Mar 2017 RM'000</b>	<b>Preceding quarter ended 31 Dec 2016 RM'000</b>
Revenue	150,682	123,234
Profit before taxation	3,106	11,311

The Group posted revenue of RM150.68 million for the current quarter ended 31 March 2017, which is RM27.45 million higher than the preceding quarter ended 31 December 2016 of RM123.23 million. The profit before tax for the current quarter ended 31 March 2017 is RM3.10 million, which is RM8.21 million lower than the preceding quarter ended 31 December 2016 of RM11.31 million.



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

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

	<b>Current quarter ended 31 Mar 2017 RM'000</b>	<b>Preceding quarter ended 31 Dec 2016 RM'000</b>
<b>Shipping, marine services and other division</b>		
Revenue	96,914	77,658
Profit before taxation	1,668	3,681

The Group posted an increase in revenue of RM19.25 million in the current quarter ended 31 March 2017 of RM96.91 million as compared to RM77.66 million in the preceding quarter ended 31 December 2016. The profit before tax for the current quarter ended 31 March 2017 is RM2.01 million lower than preceding quarter ended 31 December 2016 of RM3.68 million due to preliminary operating cost incurred for newly acquired vessel and drydocking cost for our tugs and barges.

	<b>Current quarter ended 31 Mar 2017 RM'000</b>	<b>Preceding quarter ended 31 Dec 2016 RM'000</b>
<b>Logistics Services &amp; Machineries division</b>		
Revenue	47,582	33,371
Profit before taxation	4,848	6,037

The Group posted an increase in revenue of RM14.21 million in the current quarter ended 31 March 2017 of RM47.58 million as compared to RM33.37 million in the preceding quarter ended 31 December 2016. The profit before tax for the current quarter ended 31 March 2017 is RM4.85 million, which is RM1.19 million lower than the preceding quarter ended 31 December 2016 of RM6.04 million. The decrease in revenue and profit before tax in the current quarter is due to reason explained in B1.

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

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

<b>Engineering Division</b>	<b>Current quarter ended 31 Mar 2017 RM'000</b>	<b>Preceding quarter ended 31 Dec 2016 RM'000</b>
Revenue	5,934	9,175
(Loss)/Profit before taxation	(3,085)	869

The Group posted a decrease in revenue of RM3.24 million in the current quarter ended 31 March 2017 of RM5.93 million as compared to RM9.17 million in the preceding quarter ended 31 December 2016. The loss before tax for the current quarter ended 31 March 2017 is RM3.08 million, which is RM3.95 million lower than the preceding quarter ended 31 December 2016 of RM0.87 million. The decrease in revenue and the loss before tax is due to reason explained in B1.

<b>Property Development Division</b>	<b>Current quarter ended 31 Mar 2017 RM'000</b>	<b>Preceding quarter ended 31 Dec 2016 RM'000</b>
Revenue	251	3,030
Profit before taxation	227	1,127

The Group posted a decrease in revenue of RM2.78 million in the current quarter ended 31 March 2017 of RM0.25 million as compared to RM3.03 million in the preceding quarter ended 31 December 2016. The profit before tax for the current quarter ended 31 March 2017 is RM0.23 million, which is RM0.9 million lower than the preceding quarter ended 31 December 2016 of RM1.13 million. The decrease in revenue and decrease 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.

Malaysia Government has recently announced the relaxation of the shipping cabotage effective from 1<sup>st</sup> of June 2017 which may negatively impact our shipping and marine division's performance.

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

### ***B3. Prospects (Cont'd)***

We expect stiff competition from foreign shipping operators who are allow to operate in East and West Malaysia trade.

Going forward, our shipping and marine division shall take necessary measures to face these challenges.

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.

Engineering division is expected to face continuing softening in EPCC and oil and gas market in the financial year 2018. Whilst, engineering division is also expecting to secure new projects for the year 2018.

Property development division has fully completed Phase 1 and Phase 2 and Phase 3 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.

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

### B5. Profit before tax

	Individual Quarter		Cumulative Quarter	
	Current period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Profit for the period is stated after charging/ (crediting):</b>				
Interest income	(237)	(33)	(896)	(283)
Amortisation	84	70	249	210
Depreciation of plant and equipment	5,664	5,472	17,055	15,583
Depreciation to investment properties	54	51	157	167
Finance cost	1,502	1,092	4,203	4,315
Unrealised foreign exchange loss/(gain)	795	186	313	(837)
(Reversal) of impairment of receivables, net of allowance	1,367	(218)	(1,937)	(3,234)

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

### **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
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expense	2,496	12,005	7,516	21,162
Deferred tax expense:				
Origination and reversal of temporary difference	(174)	1,726	623	3,133
	<hr/>	<hr/>	<hr/>	<hr/>
	2,322	13,731	8,139	24,295

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 non-recognition of deferred tax assets for losses incurred 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 March 2017.

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

There were no purchases or disposals of quoted securities during the current quarter and financial period ended 31 March 2017.

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

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

There were no pending corporate proposals up to 17 May 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 March 2017 are as follows:

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
<b>Secured</b>			
Term loan	11,538	34,980	46,518
Bank Overdraft	16,100	-	16,100
Finance Lease Liabilities	10,770	16,670	27,440
	<u>38,408</u>	<u>51,650</u>	<u>90,058</u>
<b>Unsecured</b>			
Bankers' Acceptance	17,905	-	17,905
Revolving Credit	8,520	-	8,520
	<u>64,833</u>	<u>51,650</u>	<u>116,483</u>

The above borrowings are denominated in Ringgit Malaysia.

### ***B11. Off Balance Sheet Financial Instruments***

During the financial period to-date, the Group did not enter into any contracts involving off balance sheet financial instruments. There are no financial instruments with off balance sheet risks as at 17 May 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 17 May 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 March 2017.

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

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

The basic earnings per share for the current quarter and financial period ended 31 March 2017 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 RM543,000 and financial period of RM17,155,000 by the number of ordinary shares in issue during the current quarter and financial period ended 31 March 2017 of 400,400,004.

	Individual Quarter		Cumulative Quarter	
	Current period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
<b>Earnings Per Share</b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Profit net of tax attributable to Owners of the parent (in RM)	543	15,288	17,155	40,124
Weighted average number of ordinary shares in issue ("000)	400,400	400,400*	400,400	400,400*
Basic earnings per share (sen)	0.14	3.82	4.28	10.02
Diluted earnings per share (sen)*	0.14	N/A	4.28	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.

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

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

The financial assistance provided by the Company and its subsidiaries to its non wholly-owned subsidiaries as at 31 March 2017 pursuant to paragraph 8.23(1) of the Listing Requirements.

	<b>31 March 2017</b>	<b>31 Dec 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantees to financial institutions for credit facilities granted to:		
- non wholly-owned subsidiary companies	33,634	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 March 2017.

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

	<b>As at</b>	<b>As at</b>
	<b>31 Mar 2017</b>	<b>30 June 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Company and its Subsidiaries:		
- Realised	202,899	194,896
- Unrealised	(10,959)	(11,556)
	-----	-----
	191,940	183,340
Total share of retained profits from associated company:		
- Realised	3,887	3,340
- Unrealised	-	-
	-----	-----
Total group retained profits as per consolidated Accounts	195,827	186,680
	=====	=====

This announcement is dated 24th May 2017.