

HARBOUR-LINK GROUP BERHAD
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 2ND QUARTER AND FINANCIAL PERIOD ENDED 31ST DECEMBER 2018
(The figures have not been audited).

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CHANGES (Amount / %)		CURRENT PERIOD	PRECEDING PERIOD	CHANGES (Amount / %)	
	31/12/2018	31/12/2017	RM'000	%	31/12/2018	31/12/2017	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	176,973	162,490	14,483	9%	335,848	306,907	28,941	9%
Operating expenses	(152,951)	(138,550)	(14,401)	10%	(288,763)	(261,557)	(27,206)	10%
Gross profit	24,022	23,940	82	0%	47,085	45,350	1,735	4%
Interest income	516	246	270	110%	878	696	182	26%
Other income	6,830	2,099	4,731	225%	9,760	5,933	3,827	65%
Administrative Expenses	(12,665)	(10,076)	(2,589)	26%	(24,281)	(20,002)	(4,279)	21%
Finance costs	(1,548)	(1,515)	(33)	2%	(2,629)	(2,751)	122	-4%
Share of results of jointly controlled entity	(23)	(26)	3	-12%	(36)	4	(40)	-1000%
Share of results of associated companies	126	656	(530)	-81%	895	1,566	(671)	-43%
Profit before taxation	17,258	15,324	1,934	13%	31,672	30,796	876	3%
Taxation	(5,092)	(4,435)	(657)	15%	(8,142)	(8,542)	1,056	-12%
Net profit for the year	12,166	10,889	1,277	12%	23,530	22,254	1,932	9%
Other comprehensive income:								
Items that may be reclassified subsequently to profit or loss:								
Exchange difference on translation of foreign entity	60	324	(264)	-81%	699	554	145	26%
Total comprehensive income for the year	12,226	11,213	1,013	9%	24,229	22,808	2,077	9%
Profit for the year attributable to:								
Owners of the parent	9,479	9,789	(310)	-3%	20,169	19,315	854	4%
Non-Controlling Interests	2,687	1,100	1,587	144%	3,361	2,939	422	14%
	12,166	10,889	1,277	12%	23,530	22,254	1,276	6%
Total Comprehensive income for the year attributable to:								
Owners of the parent	9,539	10,113	(574)	-6%	20,868	19,869	999	5%
Non-Controlling Interests	2,687	1,100	1,587	144%	3,361	2,939	422	14%
	12,226	11,213	1,013	9%	24,229	22,808	1,421	6%
Earnings per share ("EPS") (in sen)								
Basic earnings per share (sen) (Note B14)	2.37	2.44	(0.08)	-3%	5.04	4.82	0.21	4%
Diluted earnings per share (sen)	2.37	2.44	(0.08)	-3%	5.04	4.82	0.21	4%

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 2018.

HARBOUR-LINK GROUP BERHAD
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL POSITION

	As at	As at
	31/12/2018	30/06/2018
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	239,417	229,640
Investment properties	3,342	6,197
Prepaid land lease payment	5,923	5,994
Land held for development	48,110	47,478
Investment in jointly-controlled entity	526	562
Investment in associates	9,826	8,918
Deferred tax assets	1,881	2,116
Trade and other receivables	218	2,503
Other assets	2,543	2,543
	311,786	305,951
Current assets		
Inventories	23,646	23,576
Trade and other receivables	150,084	133,533
Amount due from customers for contract works	4,302	7,869
Investment securities	30,605	31,704
Other current assets	22,350	14,058
Cash and bank balance	107,563	114,563
	338,550	325,303
TOTAL ASSETS	650,336	631,254
LIABILITIES		
Current liabilities		
Loans and borrowings	32,306	35,565
Trade and other payables	80,459	90,123
Other current liabilities	2,494	978
Tax payables	17,592	9,334
	132,851	136,000
Non-current liabilities		
Deferred tax liabilities	17,908	17,063
Loans and borrowings	41,917	46,224
	59,825	63,287
TOTAL LIABILITIES	192,676	199,287
NET ASSETS	457,660	431,967
EQUITY		
Share capital	200,200	200,200
Revenue reserves	196,875	175,813
Total shareholders' equity	397,075	376,013
Non-controlling interest	60,585	55,954
TOTAL EQUITY	457,660	431,967
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.99	0.94

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 share:

This Condensed Consolidated Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018.

HARBOUR-LINK GROUP BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31ST DECEMBER 2018
(The figures have not been audited).

	CURRENT PERIOD	COMPARABLE PERIOD
	ENDED 31/12/2018	ENDED 31/12/2017
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	31,672	30,796
Adjustments for:		
Non-operating items	(2,063)	(2,423)
Depreciation	12,386	11,849
Interest expense	2,629	2,751
Interest income	(878)	(696)
Share of results in associates and jointly controlled entity	(859)	(1,569)
Operating profit before changes in working capital	42,887	40,708
Changes in working capital:		
(Increase)/Decrease in inventories	(70)	6,713
(Increase) in trade and other receivables	(9,713)	4,008
Decrease/(Increase) in amount due from customers for contract works	3,568	(736)
Increase in other current liabilities	1,516	1,853
(Decrease) in trade and other payables	(15,142)	(7,551)
Net cash generated from operations activities	23,046	44,995
Interest paid	(2,629)	(2,751)
Interest received	878	696
Tax paid	(5,387)	(4,771)
Net cash generated from operating activities	15,908	38,169
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,890)	(19,240)
Decrease in fixed deposit pledged	681	3,161
Decrease in investment securities	3,061	12,479
Net cash outflow acquisition of subsidiaries	(384)	-
Capital contributed by non controlling interest in subsidiary	1,050	3,879
Disposal of Non Controlling Interest in Subsidiaries	(1,407)	-
Dividend received	160	160
Proceeds from disposal of property, plant and equipment	9,749	3,491
Net cash used in investing activities	(7,980)	3,930
Cash flows from financing activities		
Dividend paid	(430)	(6,561)
Net proceeds from borrowings	(8,227)	877
Net repayment of lease payables	(5,609)	(3,015)
Net cash used in financing activities	(14,266)	(8,699)
Net increase/(decrease) in cash and cash equivalents	(6,338)	33,400
Cash and cash equivalents at beginning of period	109,822	58,619
Cash and cash equivalents at end of period	103,484	92,019

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

Cash and bank balances	107,563	100,764
Bank Overdraft	(4,079)	(8,745)
	<u>103,484</u>	<u>92,019</u>

This Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018.

HARBOUR-LINK GROUP BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 31ST DECEMBER 2018
(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		
6 MONTHS ENDED 31ST DECEMBER 2018							
At 1 July 2018	431,967	376,013	200,200	1,549	(62,945)	237,209	55,954
Capital contributed by Non Controlling Interest in Subsidiaries	3,305	-	-	-	-	-	3,305
Disposal by Non Controlling Interest in Subsidiaries	(1,384)	-	-	-	-	-	(1,384)
Acquisition of Non Controlling Interest in Subsidiaries	(27)	194	-	-	-	194	(221)
Dividends on ordinary shares	(430)	-	-	-	-	-	(430)
Total comprehensive income for the period	24,229	20,868	-	699	-	20,169	3,361
At 31 DECEMBER 2018	457,660	397,075	200,200	2,248	(62,945)	257,572	60,585
6 MONTHS ENDED 31ST DECEMBER 2017							
At 1 July 2017	394,011	347,218	200,200	2,657	(62,945)	207,306	46,793
Capital contributed by Non Controlling Interest in Subsidiary	3,879	-	-	-	-	-	3,879
Dividends on ordinary shares	(6,561)	(6,006)	-	-	-	(6,006)	(555)
Total comprehensive income for the period	22,808	19,869	-	554	-	19,315	2,939
At 31 DECEMBER 2017	414,137	361,081	200,200	3,211	(62,945)	220,615	53,056

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 2018.

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 2018.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1st July 2018, the Group and the Company adopted the following new and amended MFRSs that have been issued by Malaysia Accounting Board (“MASB”)

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
Annual Improvements to MFRS/FRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4 “Applying MFRS/FRS 9 “Financial Instruments” with MFRS 4 “Insurance Contracts”	1 January 2018
Annual Improvements to MFRS 128 “Investments in Associates and Joint Venture”	1 January 2018
Amendments to MFRS 140 “Clarification on ‘Chang in Use’ – Assets transferred to or from Investment Properties”	1 January 2018
IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”	1 January 2018
MRFS 9 “Financial Instruments”	1 January 2018
MFRS 15 “Revenue form Contracts with Customer”	1 January 2018

The Directors expect that the adoption of the above standards and interpretations will either not relevant or do not have impact on the financial statements in the year of initial application.

A1. Basis of Preparation (cont'd)

MFRSs and Amendments to MFRSs issued but not yet effective

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
<ul style="list-style-type: none">• MFRS 3 “Business Combinations• MRS 11 “Joint Arrangements”• MFRS 112 “Income Taxes”• MFRS 123 “Borrowing Costs”	
Amendments to MFRS 9 “Prepayment Features with Negative Compensation”	1 January 2019
Amendments to MFRS 128 “Long -term Interests In Associates and Joint Ventures”	1 January 2019
MFRS 16 : “Leases”	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 119 : Employee Benefits Plan Amendment, Curtailment or Settlement	1 January 2019
MFRS 17 : Insurance Contract	1 January 2021

A2. Report of the Auditors to the Members of Harbour-Link

The reports of the auditors to the members of Harbour-Link Group Bhd on the financial statements for the financial year ended 30 June 2018 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 31st December 2018.

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 31st December 2018.

A7. Dividend Paid

No dividend was paid in the current quarter.

A8. Segment Information (Cont'd)

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

Financial period to date 31 December 2018	Investment Holding RM'000	Shipping and Marine RM'000	Integrated logistics RM'000	Engineering RM'000	Property RM'000	Elimination RM'000	Total RM'000
REVENUE							
Revenue from external sales	-	224,122	84,504	26,902	320	-	335,848
Inter-segment sales	3,252	4,683	4,603	-	-	(12,538)	-
	<u>3,252</u>	<u>228,805</u>	<u>89,107</u>	<u>26,902</u>	<u>320</u>	<u>(12,538)</u>	<u>335,848</u>
RESULTS							
Profit before taxation from the normal operations	(1,511)	12,669	16,510	241	4,045	(282)	31,672
Profit before taxation includes:							
Amortisation of prepaid land lease payment	65	7	61	-	-	-	133
Depreciation to investment properties	-	-	103	2	-	-	105
Depreciation	152	4,847	6,893	181	75	-	12,148
Finance cost	214	1,043	1,227	145	-	-	2,629
Impairment of trade receivables	-	54	2,373	-	-	-	2,427
Reversal of trade receivables	-	(1,622)	(1,290)	-	-	-	(2,912)
	-			-	-	-	
Share of profit/(loss) in jointly controlled entities and profits in associates		895	(36)				859

A8. Segment Information (Cont'd)

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

Financial period to date 31 December 2018	Investment Holding RM'000	Shipping and Marine RM'000	Integrated logistics RM'000	Engineering RM'000	Property RM'000	Elimination RM'000	Total RM'000
SEGMENT ASSETS	61,840	229,146	239,946	79,279	77,812	(39,568))	648,455
Deferred tax assets	-	866	536	-	479	-	1,881
TOTAL ASSETS	61,840	230,012	240,482	79,279	78,291	(39,568)	650,336
Included in measure of segment assets are:							
Investment in associates	-	9,826	-	-	-	-	9,826
Investment in jointly controlled entities	-	-	526	-	-	-	526
Additional to property, plant and equipment	54	13,810	5,862	447	717	-	20,890
SEGMENT LIABILITIES	27,567	75,657	81,733	11,872	9,472	(31,533)	174,768
Deferred tax liabilities	67	5,067	10,203	2,557	14	-	17,908
TOTAL LIABILITIES	27,634	80,724	91,936	14,429	9,486	(31,533)	192,676

A8. Segment Information (Cont'd)

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

Financial period to date 31 December 2017	Investment Holding RM'000	Shipping and Marine RM'000	Integrated logistics RM'000	Engineering RM'000	Property RM'000	Elimination RM'000	Total RM'000
REVENUE							
Revenue from external sales	-	210,274	65,185	21,441	10,007		306,907
Inter-segment sales	1,887	5,871	5,473	-	-	(13,231)	-
	<u>1,887</u>	<u>216,145</u>	<u>70,658</u>	<u>21,441</u>	<u>10,007</u>	<u>(13,231)</u>	<u>306,907</u>
RESULTS							
Profit before taxation from the normal operations	(1,352)	14,714	14,412	558	2,312	152	30,796
Profit before taxation includes:							
Amortisation of prepaid land lease payment	80	7	79	-	-	-	166
Impairment of assets	-	-	-	105	-	-	105
Depreciation to investment properties	31	-	72	2	-	-	105
Depreciation	236	4,665	6,390	196	91	-	11,578
Finance cost	60	1,061	1,474	148	8	-	2,751
Impairment of trade receivables	2	442	659	-	-	-	1,103
Reversal of trade receivables	-	(338)	(1,191)	-	-	-	(1,529)
				-	-	-	
Share of profits in jointly controlled entities and associates		1,566	4				1,570

A8. Segment Information (Cont'd)

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

Financial period to date 31 December 2017	Investment Holding RM'000	Shipping and Marine RM'000	Integrated logistics RM'000	Engineering RM'000	Property RM'000	Elimination RM'000	Total RM'000
SEGMENT ASSETS	62,546	211,212	242,428	79,148	80,688	(45,116)	630,906
Deferred tax assets	-	796	735	-	529	-	2,060
TOTAL ASSETS	62,546	212,008	243,163	79,148	81,217	(45,116)	632,966
Included in measure of segment assets are:							
Investment in associates		7,991					7,991
Investment in jointly controlled entities			652				652
Additional to property, plant and equipment	61	659	14,918	1,034	2,568		19,240
SEGMENT LIABILITIES	23,979	107,763	112,635	13,236	15,666	(72,391)	200,888
Deferred tax liabilities	53	4,277	11,209	2,342	59	-	17,940
TOTAL LIABILITIES	24,032	112,040	123,844	15,578	15,725	(72,391)	218,828

A9. Property, Plant and Equipment

There was no valuation on property, plant and equipment during the current quarter and financial period ended 31st December 2018.

A10. Significant Post Balance Sheet Event

There are no material events as at 18 February 2019, 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 31st December 2018:

1. Harbour-Link (M) Sdn Bhd (“**HLMSB**”), a wholly-owned subsidiary of Harbour-Link Group Bhd had on 6th August 2018 acquired One (1) ordinary share, representing 50% equity interest in Harbour Global Forwarders Sdn. Bhd. (Company No. 1164275-P) (“**HGFSB**”) from Norhidayah Binti Talip (870529-52-6280), a non-related party, for a total cash consideration of RM1.00 (“**Acquisition**”). Subsequently, HLMSB had subscribed for an additional Sixty Nine Thousand Nine Hundred and Ninety Nine (69,999) new ordinary shares at an issue price of RM1.00 each in HGFSB representing 70.00% of the enlarged total number of issued shares of HGFSB for a cash consideration of RM69,999.00 (“**Subscription**”). Following the Acquisition and Subscription, HGFSB becomes a 70.00% owned subsidiary of HLMSB. The balance 30.00% is held by Al Consults Logistics Sdn. Bhd. (Company No. 1278777-M), a non-related company.
2. Harbour-Link Navigation Sdn Bhd (“**HLNSB**”), a wholly-owned subsidiary of Harbour-Link Group Bhd had on 21 August 2018 acquired One (1) ordinary share, representing 50% equity interest in AM Lines Sdn. Bhd. (Company No. 1193136-W) (“**AMLSB**”) from Norhidayah Binti Talip (870529-52-6280), a non-related party, for a total cash consideration of RM1.00 (“**the Acquisition**”). Subsequently, HLNSB had subscribed for an additional Eight Hundred and Forty Nine (849) new ordinary shares at an issue price of RM1.00 each in AMLSB representing 85.00% of the enlarged total number of issued shares of AMLSB for a cash consideration of RM849.00 (the “**Subscription**”). Following the Acquisition and Subscription, AMLSB becomes a 85.00% owned subsidiary of HLNSB. The balance 15.00% is held by Megan Millenium Sdn Bhd (“**MMSB**”), a non-related Company.

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

Save for the below, there were no changes in composition of the Group during the current financial period ended 30th September 2018:

3. Harbour-Link Lines Sdn Bhd ("**HLLSB**"), a subsidiary of Harbour-Link Group Bhd had on 27 August 2018 acquired five hundred and fifty (550) ordinary share of B\$1.00 each, representing 55% equity interest in **Harbour-Link Lines (B) Sdn. Bhd.** (Company No. RC00007861) ("**HLLBSB**") from Lim Yan Peng (NRIC 7311257F2102160BRN), a non-related party, for a total cash consideration of **B\$126,362.50** ("**the Acquisition**"). The purchase consideration was arrived at on a willing-buyer and willing-seller basis after taking into account the Net Tangible Assets of HLLBSB as at 31 March 2018. Following the Acquisition, HLLBSB becomes a 55.00% owned subsidiary of HLLSB. The balance 45.00% is held by Lim Yan Peng (NRIC 7311257F2102160BRN) and Haji Abdul Saman Bin Ahmad (Brunei Yellow IC No. 00-063260) with the shareholdings of 20% and 25% respectively. Both Lim Yan Peng and Haji Abdul Saman Bin Ahmad are also Directors of HLLBSB.
4. Harbour-Link Lines Sdn Bhd ("**HLLSB**"), a subsidiary of Harbour-Link Group Bhd had on 20th September 2018 acquired the remaining thirty-six thousand two hundred and fifty (36,250) ordinary shares ("**Share**"), representing 36.25% equity interest in **Harbour-Link Lines (KCH) Sdn. Bhd.** (Company No.739565-T) ("**HLLKCH**") from Chung Lan Moi (NRIC 711024-13-5462), a non-related party for a total cash consideration of **RM814,537.50** ("**the Acquisition**"). The purchase consideration was arrived at on a willing-buyer and willing-seller basis after taking into account the Net Tangible Assets of HLLKCH as at 31st March 2018. Following the Acquisition HLLKCH becomes a 100.00% wholly-owned subsidiary of HLLSB.
5. Harbour-Link Lines Sdn Bhd ("**HLLSB**"), a subsidiary of Harbour-Link had on 29th October 2018 acquired the remaining five (5) ordinary shares, representing 5% equity interest in **Harbour-Link Lines (KK) Sdn. Bhd.**(Company No. 739564-H ("**HLLKK**") from Sung Chuang Yu (NRIC 740710-12-5486), a non related party for a total cash consideration of **RM209,930.70** ("**the Acquisition**") based on the Net Tangible Assets ("**NTA**") of HLLB as at 31st March 2018. The Net Tangible Assets of HLLKK as at 31st March 2018 is RM4,078,613.68. The selling price for HLLKK per share is RM40,786.14. Hence, the consideration sum of RM209,930.70 is the sum of 5 units of share at RM40,786.14 per share.
6. Eastern Soldar Engineering & Construction Sdn. Bhd., a wholly-owned subsidiary of Harbour-Link, had on 7th November 2018 received a confirmation from the Ministry of Commerce of Cambodia that **ESEC (CAMBODIA) PTE. LTD.** ("**ECPL**") has been dissolved with effective from 5th November 2018.

A12. Contingent Liabilities

There was no material contingent assets and liabilities since the last annual balance sheet date to the date of this report.

A13. Capital Commitments

	31 Dec 2018	30 Sept 2018
	RM'000	RM'000
Capital expenditure		
Authorised and contracted for	5,576	19,060
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A14. Related Party Transactions

Related parties are those defined under MFRS 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 2018 RM'000	Balance due from/(to) As at 31 Dec 2018 RM'000
Transaction with companies in which Certain Directors of the Company have substantial interests		
Sales of goods and services	(198)	74
Purchase of goods and services	1,377	(1,748)
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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

	Current Quarter RM'000		Changes (amount / %)		Cumulative Quarter RM'000		Changes (amount / %)	
	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>RM'000</u>	<u>%</u>	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>RM'000</u>	<u>%</u>
Revenue	176,973	162,490	14,483	9%	335,848	306,907	28,941	9%
Profit Before Interest and Tax	18,806	16,839	1,967	12%	34,301	33,547	754	2%
Profit Before Tax	17,258	15,324	1,934	13%	31,672	30,796	876	3%
Profit After Tax	12,166	10,889	1,277	12%	23,530	22,254	1,932	9%
Profit attributable to Owners of the parent	9,479	9,789	(310)	(3%)	20,169	19,315	854	4%

The Group posted revenue of RM335.85 million for the current financial period ended 31 December 2018, which is RM28.94 million or 9% higher than the preceding financial period of RM306.91 million. The profit before tax for the current financial period ended 31 December 2018 is RM31.67 million, which is RM0.88 million or 3% higher than the preceding financial period of RM30.80 million.

For management purposes, the Group is organized into business units based on their product and services, and has following operating segments:

Continuing operations

- The shipping and marine segment comprises of ship owners unit, ship operator unit and agency unit.
- Integrated logistic segment comprises of transport unit, heavy equipment and heavy lifting unit and freight forwarding unit.
- Engineering segment
- Property segment
- Other operations mainly consist of investment, management services and treasury services.

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

B1. Review of the Performance of the Group

Shipping and marine segment	Current Quarter RM'000		Changes (amount / %)		Cumulative Quarter RM'000		Changes (amount / %)	
	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>RM'000</u>	<u>%</u>	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>RM'000</u>	<u>%</u>
Revenue	122,012	113,371	8,641	8%	224,122	210,274	13,848	6%
Profit Before								
Interest and Tax	5,666	6,993	(1,327)	(19%)	13,093	14,534	(1,441)	(10%)
Profit Before Tax	5,072	6,978	(1,906)	(27%)	12,669	14,714	(2,045)	(14%)
Profit After Tax	3,800	5,038	(1,238)	(25%)	9,711	10,537	(826)	(8%)
Profit attributable to Owners of the parent	3,047	4,286	(1,239)	(29%)	7,979	9,263	(1,284)	(14%)

The shipping and marine segment recorded revenue of RM224.12 million which is RM13.85 million or 6% higher than the preceding financial period ended 31 December 2017 of RM210.27 million. The increase in the revenue by 6% is due to higher volume of cargo handled due to operations in Hong Kong and China. The profit before tax has decreased by RM2.05 million or 14% compared to preceding financial period ended 31 December 2017 of RM14.71 million. The reason for the decrease in the profit before tax is due to higher maintenance cost for 2 of our container vessels as compare to last preceding year.

Integrated logistics segment	Current Quarter RM'000		Changes (amount / %)		Cumulative Quarter RM'000		Changes (amount / %)	
	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>RM'000</u>	<u>%</u>	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>RM'000</u>	<u>%</u>
Revenue	42,989	33,745	9,244	27%	84,504	65,185	19,319	30%
Profit Before								
Interest and Tax	9,727	9,016	711	8%	17,625	15,672	1,953	12%
Profit Before Tax	9,066	8,333	733	9%	16,510	14,412	2,098	15%
Profit After Tax	7,282	6,612	670	10%	12,899	11,330	1,569	14%
Profit attributable to Owners of the parent	6,942	6,545	397	6%	12,769	11,040	1,729	16%

The integrated logistics segment recorded revenue of RM84.50 million which is RM19.32 million or 30% higher than the preceding financial period ended 31 December 2017 of RM65.19 million. The higher revenue achieved mainly due from higher volume of cargoes handle as a result from newly projects secured. The profit before tax has increased by RM2.10 million or 15% as compared to preceding financial period ended 31 December 2017 of RM14.41 million which is in tandem with the increase in revenue.

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

B1. Review of the Performance of the Group

Engineering segment	Current Quarter RM'000		Changes (amount / %)		Cumulative Quarter RM'000		Changes (amount / %)	
	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>RM'000</u>	<u>%</u>	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>RM'000</u>	<u>%</u>
Revenue	11,914	12,560	(646)	(5%)	26,902	21,441	5,461	25%
%)Profit Before Tax and Interest	176	640	(464)	(72%)	386	707	(321)	(45%)
Profit/(Loss) Before Tax	104	565	(461)	(82%)	241	558	(317)	(57%)
Profit/(Loss) After Tax	46	318	(272)	(86%)	116	310	(194)	(63%)
Profit(Loss) attributable to Owners of the parent	46	318	(272)	(86%)	116	310	(194)	(63%)

The engineering segment recorded revenue of RM26.90 million which is RM5.46 million or 25% higher than the preceding financial period ended 31 December 2017 of RM21.44 million. The profit before tax is RM0.24 million which is RM0.32 million or 57% lower than the preceding financial period ended 31 December 2017 due to the current projects in hand which yield lower profit margin.

Property segment	Current Quarter RM'000		Changes (amount / %)		Cumulative Quarter RM'000		Changes (amount / %)	
	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>RM'000</u>	<u>%</u>	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>RM'000</u>	<u>%</u>
Revenue	59	2,814	(2,755)	(98%)	320	10,007	(9,687)	(97%)
Profit Before Tax and Interest	4,172	727	3,445	474%	4,360	2,998	1,362	45%
Profit Before Tax	4,019	236	3,783	1,603%	4,045	2,312	1,733	75%
(Loss)/Profit After Tax	3,018	122	2,896	2,374%	2,992	1,569	1,423	91%
(Loss)/Profit attributable to Owners of the parent	1,539	7	1,532	21,886%	1,526	800	726	91%

The property development division recorded revenue of RM0.32 million which is RM9.69 million or 97% lower than the preceding financial period 31 December 2017 of RM10.01 million. The profit before tax is RM4.05 million which is RM1.73 million or 75% higher than the preceding financial period ended 31 December 2017.

The higher profit before tax of RM1.73 million or 75% as compared to lower revenue recorded of only RM0.32 million due to the sale of 1 unit of warehouse namely Lot 2655 Block 20, Kemena Land District, Bintulu. The gain of disposal is RM4.17 million which is one-off transaction.

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

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

Investment Holding	Current Quarter RM'000		Changes (amount / %)		Cumulative Quarter RM'000		Changes (amount / %)	
	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>RM'000</u>	<u>%</u>	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>RM'000</u>	<u>%</u>
Revenue	-	-	-	-	-	-	-	-
Loss Before Tax and Interest	(160)	(524)	364	69%	(508)	(809)	301	37%
Loss Before Tax	(836)	(791)	(45)	(6%)	(1,511)	(1,352)	(159)	(12%)
Loss After Tax	(992)	(841)	(151)	(18%)	(1,699)	(1,455)	(244)	(17%)
Loss attributable to Owners of the parent	(1,024)	(776)	(248)	32%	(1,699)	(1,390)	(309)	22%

The investment holdings recorded a loss before tax of RM1.51 million an increase of RM0.16 million or 12% higher than the preceding financial period 31 December 2017 of loss before tax of RM1.35 million. The increase in the loss for the period under review is due to administrative cost.

B2. Comparison with Preceding Quarter's Results

	Current quarter	Immediate Preceding Quarter	Changes	
	RM'000	RM'000	(amount / %)	
	<u>31/12/2018</u>	<u>30/09/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	176,973	158,875	18,098	11%
Profit Before Tax and Interest	18,806	14,740	4,066	28%
Profit Before Tax	17,258	14,415	2,843	20%
Profit After Tax	12,166	11,364	802	8%
Profit attributable to Owners of the parent	9,479	10,689	1,210	11%

The Group posted revenue of RM176.97 million for the current quarter ended 31 December 2018 which is RM18.10 million or 11% higher than the immediate preceding quarter ended 30 September 2018 of RM158.88 million. The profit before tax for the current quarter ended 31 December 2018 is RM17.26 million, which is RM2.84 million or 20% higher than the immediate preceding quarter ended 30 September 2018 of RM14.42 million.

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

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

<u>Shipping and marine segment</u>	Current quarter	Immediate	Changes	
	RM'000	Preceding	(amount / %)	
	<u>31/12/2018</u>	Quarter	<u>RM'000</u>	<u>%</u>
		RM'000	<u>30/09/2018</u>	
Revenue	122,012		102,110	19%
Profit Before Tax and Interest	5,666		7,428	(24%)
Profit Before Tax	5,072		7,597	(33%)
Profit After Tax	3,800		5,911	(36%)
Profit attributable to Owners of the parent	3,047		4,932	(38%)

The shipping and marine segment posted an increase in revenue of RM19.90 million or 19% in the current quarter ended 31 December 2018 of RM122.01 million as compared to RM102.11 million in the immediate preceding quarter ended 30 September 2018. The increase in the revenue is due to the operations in Hong Kong and China. The profit before tax has decreased by RM2.53 million or 33% lower than the immediate preceding quarter ended 30 September 2018 of RM7.60 million due to lower utilization of enlarged tonnage from addition vessels.

<u>Integrated logistics segment</u>	Current quarter	Immediate	Changes	
	RM'000	Preceding	(amount / %)	
	<u>31/12/2018</u>	Quarter	<u>RM'000</u>	<u>%</u>
		RM'000	<u>30/09/2018</u>	
Revenue	42,989		41,516	4%
Profit Before Interest and Tax	9,727		7,898	23%
Profit Before Tax	9,066		7,444	22%
Profit After Tax	7,282		5,617	30%
Profit attributable to Owners of the parent	6,942		5,826	19%

The integrated logistics segment posted increase in revenue of RM1.47 million or 4% in the current quarter ended 31 December 2018 of RM42.99 million as compared to RM41.52 million in the immediate preceding quarter ended 30 September 2018. The profit before tax for the current quarter ended 31 December 2018 is RM9.07 million, which is RM1.62 million or 22% higher than the immediate preceding quarter ended 30 September 2018 of RM7.44 million. The increase in profit before tax due to higher utilization of equipment rental.

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

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

	Current quarter	Immediate	Changes	
	RM'000	Preceding Quarter RM'000	(amount / %)	
<u>Engineering segment</u>	<u>31/12/2018</u>	<u>30/9/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	11,914	14,988	(3,074)	(21%)
Profit Before Interest and Tax	176	210	(34)	(16%)
Profit Before Tax	104	137	(33)	(24%)
Profit After Tax	46	69	(23)	(33%)
Profit attributable to Owners of the parent	46	69	(23)	(33%)

The engineering segment posted a decrease in revenue of RM3.07 million or 21% in the current quarter ended 31 December 2018 of RM11.91 million as compared to RM14.99 million in the immediate preceding quarter ended 30 September 2018. The decrease in profit before tax of RM0.03 million or 24% in the current quarter ended 31 December 2018 of RM0.10 million as compared to RM0.14 million.

	Current quarter	Immediate	Changes	
	RM'000	Preceding Quarter RM'000	(amount / %)	
<u>Property segment</u>	<u>31/12/2018</u>	<u>30/09/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	59	261	(202)	(77%)
Profit Before Interest and Tax	4,172	187	3,985	2,131%
Profit Before Tax	4,019	26	3,993	15,358%
(Loss)/Profit After Tax	3,018	(26)	3,044	11,707%
(Loss)/Profit attributable to Owners of the parent	1,539	(13)	1,552	11,938%

The property segment posted a decrease in revenue of RM0.20 million or 77% in the current quarter ended 31 December 2018 of RM0.06 million as compared to RM0.26 million in the immediate preceding quarter ended 30 September 2018. The profit before tax for the current quarter ended 30 December 2018 is RM4.02 million, which is RM3.99 million higher than the immediate preceding quarter ended 30 September 2018 of loss of RM0.03 million. The reason for the huge increase in the profit before tax is explained in B1.

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

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

	Current quarter RM'000	Immediate Preceding Quarter RM'000	Changes (amount / %)	
<u>Investment holding segment</u>	<u>31/12/2018</u>	<u>30/09/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	-	-	-	-
Loss Before Interest and Tax	(160)	(348)	188	54%
Loss Before Tax	(836)	(675)	(260)	(38%)
Loss After Tax	(992)	(707)	(285)	(40%)
Loss attributable to Owners of the parent	(1,024)	(707)	(317)	(45%)

The investment holdings recorded a loss before tax of RM0.84 million an increase of RM0.26 million or 38% as compare to the immediate preceding quarter ended 30 September 2018 of RM0.68 million. The increase in the loss for the period under review is due to increase in administrative cost.

B3. Prospects

Recent oil price stabilized in the region of USD55 to USD60. Our shipping and logistics sectors may relief from the time being. But uncertainly of the volatile oil price is always there. It may impact our profit and loss.

Malaysia New Government policies and systems are gradually stabilized, which will bring more foreign investment and Malaysia's economic development. But world tension on US-China trade war is still tussling since last April 2018. Global economic has disrupted and created downturn trend. Although, Harbour-Link Group business activities are not active globally, but we are cautious and keep abreast on the development.

Hence, our Group is cognizant of the industry that we are participating and should maintain the Group's market share and strengthening on core competencies and step up efforts in corporate strategies of clientele development and service innovation as a differentiation factor in the competitive operating environment.

Going forward, the Group will continue seeking new business opportunities, focus on operational efficiency and cost control effectiveness to better contend with competition.

We shall expect to deliver a favorable growth for the financial year ended 2019.

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

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
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	<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	(516)	(246)	(878)	(696)
Amortisation of prepaid land lease payment	67	84	133	166
Depreciation of plant and equipment	6,190	5,890	12,148	11,578
Depreciation to investment properties	53	53	105	105
Finance cost	1,548	1,515	2,629	2,751
Allowance of impairment of receivables, net of allowance	(1,620)	(1,693)	(484)	(425)

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
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expense	5,042	3,825	6,938	7,470
Deferred tax expense:				
Origination and reversal of temporary difference	50	610	1,204	1,072
	<u>5,092</u>	<u>4,435</u>	<u>8,142</u>	<u>8,542</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 non-recognition of deferred tax assets for losses incurred in certain subsidiaries.

B7. Status of Corporate Proposal

There were no pending corporate proposals up to 18 February 2019, being the date not earlier than 7 days from the date of this announcement.

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

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2018 and 31 December 2017 are as follows:

	As at 31 December 2018		
	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
Term loan	7,283	25,037	32,320
Bank Overdraft	4,079	-	4,079
Finance Lease Liabilities	9,672	16,880	26,552
	<u>21,034</u>	<u>41,917</u>	<u>62,951</u>
Unsecured			
Bankers' Acceptance	3,702	-	3,702
Revolving Credit	7,570	-	7,570
	<u>11,272</u>		<u>11,272</u>
	<u>32,306</u>	<u>41,917</u>	<u>74,223</u>
	As at 31 December 2017		
	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
Term loan	7,525	25,015	32,540
Bank Overdraft	8,745	-	8,745
Finance Lease Liabilities	9,949	18,491	28,440
	<u>26,219</u>	<u>43,506</u>	<u>69,725</u>
Unsecured			
Bankers' Acceptance	5,056	-	5,056
Revolving Credit	9,110	-	9,110
	<u>14,166</u>		<u>14,166</u>
	<u>40,385</u>	<u>43,506</u>	<u>83,891</u>

The above borrowings are denominated in Ringgit Malaysia.

B9. Disclosure of derivatives

The Group did not enter into any derivative contract and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 31 December 2018.

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B10. 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 18 February 2019, being the date not earlier than 7 days from the date of this announcement.

B11. Changes in Material Litigation

There are no changes in material litigation since the last annual balance sheet date till 18 February 2019 being the date not earlier than 7 days from the date of this announcement.

B12. Dividend declared

The Board of Directors declared and paid a first interim single tier dividend of 1 sen per ordinary share of RM0.50 each for the financial year ended 30 June 2019 on 28th January 2019 amounting to RM4,004,000 (2018: RM Nil).

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B13. Earnings per Share

Basic earnings per share

The basic earnings per share for the current quarter and financial period ended 31 December 2018 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 RM9,479,000 and financial period of RM20,169,000 by the number of ordinary shares in issue during the current quarter and financial period ended 31 December 2018 of 400,400,004.

	Individual Quarter		Cumulative Quarter	
	Current period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Earnings Per Share	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit net of tax attributable to Owners of the parent (in RM)	9,479	9,789	20,169	19,315
Weighted average number of ordinary shares in issue ('000)	400,400	400,400	400,400	400,400
Basic earnings per share (sen)	2.37	2.44	5.04	4.82
Diluted earnings per share (sen)*	2.37	2.44	5.04	4.82

*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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B14. Provision of Financial Assistance

The financial assistance provided by the Company and its subsidiaries to its non wholly-owned subsidiaries as at 31 December 2018 pursuant to paragraph 8.23(1) of the Listing Requirements.

	31 December 2018	30 September 2018
	RM'000	RM'000
Corporate guarantees to financial institutions for credit facilities granted to:		
- non wholly-owned subsidiary companies	14,110	15,088
	=====	=====

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 2018.

This announcement is dated 25 February 2019.