

HARBOUR-LINK GROUP BERHAD
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND FINANCIAL PERIOD ENDED 31ST MARCH 2019
(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 / %)	
	31/03/2019	31/03/2018	RM'000	%	31/03/2019	31/03/2018	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	148,519	142,198	6,321	4%	484,367	449,105	35,262	8%
Operating expenses	(134,557)	(124,188)	(10,369)	8%	(423,320)	(385,745)	(37,575)	10%
Gross profit	13,961	18,010	(4,049)	(22%)	61,047	63,360	(2,313)	(4%)
Interest income	190	279	(89)	(32%)	1,068	976	92	9%
Other income	2,547	4,012	(1,465)	(37%)	12,307	9,945	2,362	24%
Administrative Expenses	(13,395)	(11,657)	(1,738)	15%	(37,675)	(31,658)	(6,017)	19%
Finance costs	(1,290)	(1,273)	(17)	1%	(3,919)	(4,024)	106	(3%)
Share of results of jointly controlled entity	(11)	(11)	0	(2%)	(47)	(8)	(39)	507%
Share of results of associated companies	661	1,054	(393)	(37%)	1,556	2,620	(1,064)	(41%)
Profit before taxation	2,663	10,415	(7,750)	(74%)	34,337	41,210	(6,873)	(17%)
Taxation	(523)	(3,658)	3,136	(86%)	(8,665)	(12,200)	1,056	(9%)
Net profit for the year	2,141	6,756	(4,615)	(68%)	25,672	29,010	(5,817)	(20%)
Other comprehensive income:								
Items that may be reclassified subsequently to profit or loss:								
Exchange difference on translation of foreign entity	(233)	(1,167)	934	(80%)	466	(613)	1,079	(176%)
Total comprehensive income for the year	1,908	5,589	(3,681)	(66%)	26,138	28,398	(4,738)	(17%)
Profit for the year attributable to:								
Owners of the parent	2,872	6,107	(3,235)	(53%)	23,041	25,422	(2,381)	(9%)
Non-Controlling Interests	(731)	649	(1,380)	(213%)	2,631	3,588	(957)	(27%)
	2,141	6,756	(4,615)	(68%)	25,672	29,010	(3,338)	(12%)
Total Comprehensive income for the year attributable to:								
Owners of the parent	2,639	4,940	(2,301)	(47%)	23,507	24,810	(1,303)	(5%)
Non-Controlling Interests	(731)	649	(1,380)	(213%)	2,631	3,588	(957)	(27%)
	1,908	5,589	(3,681)	(66%)	26,138	28,398	(2,260)	(8%)
Earnings per share ("EPS") (in sen)								
Basic earnings per share (sen) (Note B14)	0.72	1.53	(0.81)	(53%)	5.75	6.35	(0.59)	(9%)
Diluted earnings per share (sen)	0.72	1.53	(0.81)	(53%)	5.75	6.35	(0.59)	(9%)

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
	31/03/2019	30/06/2018
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	252,529	229,640
Investment properties	3,322	6,197
Prepaid land lease payment	5,888	5,994
Land held for development	48,185	47,478
Investment in jointly-controlled entity	515	562
Investment in associates	10,357	8,918
Other Investment	242	-
Deferred tax assets	2,236	2,116
Trade and other receivables	218	2,503
Other assets	2,543	2,543
	326,035	305,951
Current assets		
Inventories	25,045	23,576
Trade and other receivables	141,009	133,533
Amount due from customers for contract works	4,853	7,869
Investment securities	20,486	31,704
Other current assets	24,402	14,058
Cash and bank balance	107,217	114,563
	323,012	325,303
TOTAL ASSETS	649,047	631,254
LIABILITIES		
Current liabilities		
Loans and borrowings	38,512	35,565
Trade and other payables	75,456	90,123
Other current liabilities	7,269	978
Tax payables	13,924	9,334
	135,161	136,000
Non-current liabilities		
Deferred tax liabilities	17,033	17,063
Loans and borrowings	41,797	46,224
	58,830	63,287
TOTAL LIABILITIES	193,991	199,287
NET ASSETS	455,056	431,967
EQUITY		
Share capital	200,200	200,200
Revenue reserves	195,001	175,813
Total shareholders' equity	395,201	376,013
Non-controlling interest	59,855	55,954
TOTAL EQUITY	455,056	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 shares.

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 MARCH 2019
(The figures have not been audited).

	CURRENT PERIOD ENDED 31/03/2019	COMPARABLE PERIOD ENDED 31/03/2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	34,337	41,210
Adjustments for:		
Non-operating items	(7,629)	(4,405)
Depreciation	18,668	18,537
Interest expense	3,988	4,024
Interest income	(1,126)	(976)
Share of results in associates and jointly controlled entity	(1,520)	(2,628)
Operating profit before changes in working capital	46,718	55,762
Changes in working capital:		
(Increase)/Decrease in inventories	(1,469)	7,782
Decrease in trade and other receivables	4,068	5,878
(Increase) in amount due from customers for contract works	(3,016)	(2,719)
Increase in other current liabilities	6,291	2,238
(Decrease)/Increase in trade and other payables	(14,667)	5,843
Net cash generated from operations activities	37,925	74,784
Interest paid	(3,922)	(4,024)
Interest received	1,161	976
Tax paid	(8,846)	(12,391)
Net cash generated from operating activities	26,318	59,345
Cash flows from investing activities		
Purchase of property, plant and equipment	(42,051)	(23,795)
Decrease in fixed deposit pledged	2,283	5,620
Decrease in investment securities	11,218	9,512
Net cash outflow acquisition of other investment	(169)	-
Capital contributed by non controlling interest in subsidiary	1,080	3,879
Disposal of Non Controlling Interest in Subsidiaries	(1,821)	-
Dividend received	160	160
Net cash inflow disposal of subsidiary	-	460
Proceeds from disposal of property, plant and equipment	11,247	3,535
Net cash used in investing activities	(18,053)	(629)
Cash flows from financing activities		
Dividend paid	(4,943)	(6,561)
Net proceeds from borrowings	425	1,696
Net repayment of lease payables	(7,976)	(6,096)
Net cash used in financing activities	(12,494)	(10,961)
Net increase/(decrease) in cash and cash equivalents	(4,229)	47,755
Cash and cash equivalents at beginning of period	109,822	58,619
Cash and cash equivalents at end of period	105,593	106,374

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

Cash and bank balances	107,217	114,563
Bank Overdraft	(1,624)	(8,189)
	<u>105,593</u>	<u>106,374</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 9 MONTHS ENDED 31ST MARCH 2019

(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		
9 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	(4,943)	(4,513)	-	-	-	(4,513)	(430)
Total comprehensive income for the period	26,138	23,507	-	466	-	23,041	2,631
At 31 MARCH 2019	455,056	395,201	200,200	2,015	(62,945)	255,931	59,855
9 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	28,398	24,810	-	(613)	-	25,422	3,588
At 31 MARCH 2018	419,727	366,022	200,200	2,044	(62,945)	226,722	53,705

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 March 2019.

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 March 2019.

A7. *Dividend Paid*

A first interim dividend of 1.0 sen net per ordinary share of RM0.50 each for the financial year ending 30 June 2019 amounting to RM4,004,000 (2018: RM6,006,006) was paid on 28 January 2019.

A8. Segment Information (Cont'd)

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

Financial period to date 31 March 2019	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	-	327,240	118,453	38,302	372	-	484,367
Inter-segment sales	5,219	8,980	6,995	-	-	(21,194)	-
	5,219	336,220	125,448	38,302	372	(21,194)	484,367
RESULTS							
Profit/(Loss) before taxation from the normal operations	(2,304)	7,532	25,674	976	3,535	(510)	34,337
Profit before taxation includes:							
Amortisation of prepaid land lease payment	97	10	91	-	-	-	199
Depreciation to investment properties	-	-	155	1	-	-	156
Depreciation	218	7,369	10,350	181	104	-	18,222
Finance cost	214	1,687	1,873	145	-	-	3,919
Reversal of trade receivables	-	(530)	(1,965)	-	-	-	(2,495)
				-	-	-	
Share of profit/(loss) in jointly controlled entities and associates		1,556	(47)				1,509

A8. Segment Information (Cont'd)

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

Financial period to date <u>31 March 2019</u>	Investment Holding <u>RM'000</u>	Shipping and Marine <u>RM'000</u>	Integrated logistics <u>RM'000</u>	Engineering <u>RM'000</u>	Property <u>RM'000</u>	Elimination <u>RM'000</u>	Total <u>RM'000</u>
SEGMENT ASSETS	79,030	238,712	221,611	83,820	77,626	(53,989)	646,811
Deferred tax assets	-	1,261	496	-	479	-	2,236
TOTAL ASSETS	79,030	239,973	222,107	83,820	78,105	(53,989)	649,047
Included in measure of segment assets are:							
Investment in associates	-	10,357	-	-	-	-	10,357
Investment in jointly controlled entities	-	-	515	-	-	-	515
Additional to property, plant and equipment	357	32,013	7,357	447	1,170	-	41,344
SEGMENT LIABILITIES	50,887	73,374	72,309	16,086	10,078	(45,775)	176,959
Deferred tax liabilities	61	4,974	9,428	2,557	13	-	17,033
TOTAL LIABILITIES	50,948	78,348	81,737	18,643	10,091	(45,775)	193,992

A8. Segment Information (Cont'd)

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

Financial period to date 31 March 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	-	298,212	101,025	38,406	11,461		449,105
Inter-segment sales	2,809	10,663	7,539	-	-	(21,011)	-
	<u>2,809</u>	<u>309,946</u>	<u>108,564</u>	<u>38,406</u>	<u>11,461</u>	<u>(21,011)</u>	<u>449,105</u>
RESULTS							
Profit/(Loss) before taxation from the normal operations	(2,313)	20,649	19,121	1,288	2,376	89	41,210
Profit before taxation includes:							
Amortisation of prepaid land lease payment	120	11	118	-	-	-	249
Impairment of assets	-	-	-	105	-	-	105
Depreciation to investment properties	46	-	108	2	-	-	105
Depreciation	356	6,857	10,489	293	136	-	18,131
Finance cost	137	1,586	2,071	222	8	-	4,024
Impairment of trade receivables	2	520	270	-	-	-	792
Reversal of trade receivables	-	(443)	(1,445)	-	-	-	(1,888)
				-	-	-	
Share of profit/(loss) in jointly controlled entities and associates		2,620	(8)				2,612

A8. Segment Information (Cont'd)

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

Financial period to date <u>31 March 2018</u>	Investment Holding <u>RM'000</u>	Shipping and Marine <u>RM'000</u>	Integrated logistics <u>RM'000</u>	Engineering <u>RM'000</u>	Property <u>RM'000</u>	Elimination <u>RM'000</u>	Total <u>RM'000</u>
SEGMENT ASSETS	60,821	211,370	249,382	80,560	80,124	(41,675)	640,582
Deferred tax assets	-	759	514	-	529	-	1,802
TOTAL ASSETS	60,821	212,129	249,896	80,560	80,653	(41,675)	642,384
Included in measure of segment assets are:							
Investment in associates		8,828					8,828
Investment in jointly controlled entities			575				575
Additional to property, plant and equipment	55	800	17,983	1,846	3,111		23,795
SEGMENT LIABILITIES	23,543	104,315	104,485	14,416	15,218	(56,783)	205,194
Deferred tax liabilities	53	4,346	10,668	2,343	53	-	17,463
TOTAL LIABILITIES	23,596	108,661	115,153	16,759	15,271	(56,783)	222,657

A9. Property, Plant and Equipment

There was no valuation on property, plant and equipment during the current quarter and financial period ended 31 March 2019.

A10. Significant Post Balance Sheet Event

There are no material events as at 17 May 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 ending 31 March 2019:

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 AI 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 ending 31 March 2019:

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 March 2019	31 Dec 2018
	RM'000	RM'000
Capital expenditure		
Authorised and contracted for	13,135	5,576
	<u> </u>	<u> </u>

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 Mar 2019	Balance due from/(to) As at 31 Mar 2019
	RM'000	RM'000
Transaction with companies in which Certain Directors of the Company have substantial interests		
Sales of goods and services	(201)	138
Purchase of goods and services	896	(1,611)
	<u> </u>	<u> </u>

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>31/03/2019</u>	<u>31/03/2018</u>	<u>RM'000</u>	<u>%</u>	<u>31/03/2019</u>	<u>31/03/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	148,519	142,198	6,321	4%	484,367	449,105	35,262	8%
Profit Before Interest and Tax	3,303	10,644	(7,341)	(69%)	36,747	42,623	(5,876)	(14%)
Profit Before Tax	2,663	10,415	(7,750)	(74%)	34,337	41,210	(6,873)	(17%)
Profit After Tax	2,141	6,756	(4,615)	(68%)	25,672	29,010	(5,817)	(20%)
Profit attributable to Owners of the parent	2,872	6,107	(3,235)	(53%)	23,041	25,422	(2,381)	(9%)

The Group posted revenue of RM484.37 million for the current financial period ended 31 March 2019, which is RM35.26 million or 8% higher than the preceding financial period of RM449.11 million. The profit before tax for the current financial period ended 31 March 2019 is RM34.34 million, which is RM6.87 million or 17% lower than the preceding financial period of RM41.21 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 lifting, equipment sales and rental 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 / %)	
	31/03/2019	31/03/2018	RM'000	%	31/03/2019	31/03/2018	RM'000	%
Revenue	103,118	87,937	15,181	17%	327,240	298,212	29,028	10%
Profit Before								
Interest and Tax	(5,133)	5,402	(10,535)	(195%)	7,960	19,936	(11,976)	(60%)
Profit Before Tax	(5,760)	5,936	(11,696)	(197%)	7,532	20,649	(13,117)	(64%)
Profit After Tax	(5,022)	3,863	(8,885)	(230%)	4,690	14,400	(9,710)	(67%)
Profit attributable to Owners of the parent	(3,981)	3,246	(7,227)	(223%)	3,998	12,509	(8,511)	(68%)

The shipping and marine segment recorded revenue of RM327.24 million which is RM29.03 million or 10% higher than the preceding financial period ended 31 March 2018 of RM298.21 million. The increase in the revenue by 10% is due to higher volume of cargo handled to East Malaysia from Hong Kong and China. The profit before tax has decreased by RM13.12 million or 64% compared to preceding financial period ended 31 March 2018 of RM20.65 million. The reason for the decrease in the profit before tax is due to lower lifting of our container vessels and there is an increase of administrative cost of RM3.72 million being management bonus and incentives paid during the financial period under review.

Integrated logistics segment	Current Quarter RM'000		Changes (amount / %)		Cumulative Quarter RM'000		Changes (amount / %)	
	31/03/2019	31/03/2018	RM'000	%	31/03/2019	31/03/2018	RM'000	%
Revenue	33,948	35,840	(1,892)	(5%)	118,453	101,025	17,428	17%
Profit Before								
Interest and Tax	9,721	5,375	4,346	81%	27,345	21,046	6,299	30%
Profit Before Tax	9,164	4,710	4,454	95%	25,674	19,121	6,553	34%
Profit After Tax	7,437	3,087	4,350	141%	20,336	14,417	5,919	41%
Profit attributable to Owners of the parent	6,572	3,335	3,237	97%	19,341	14,374	4,967	35%

The integrated logistics segment recorded revenue of RM118.45 million which is RM17.43 million or 17% higher than the preceding financial period ended 31 March 2018 of RM101.02 million. The higher revenue achieved mainly due from higher volume of cargoes handled as a result from newly projects secured. The profit before tax has increased by RM6.55 million or 34% as compared to preceding financial period ended 31 March 2018 of RM19.12 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>31/03/2019</u>	<u>31/03/2018</u>	<u>RM'000</u>	<u>%</u>	<u>31/03/2019</u>	<u>31/03/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	11,400	16,965	(5,565)	(33%)	38,302	38,406	(104)	(0%)
Profit Before Tax and Interest	805	802	3	(0%)	1,191	1,510	(319)	(21%)
Profit Before Tax	735	730	5	1%	976	1,288	(312)	(24%)
Profit After Tax	530	523	7	1%	644	833	(189)	(23%)
Profit attributable to Owners of the parent	530	523	7	1%	644	833	(189)	(23%)

The engineering segment recorded revenue of RM38.30 million which is RM0.1 million lower than the preceding financial period ended 31 March 2018 of RM38.41 million. The profit before tax is RM0.98 million which is RM0.31 million or 24% lower than the preceding financial period ended 31 March 2018 due to the current projects in hand are at the beginning stage.

Property segment	Current Quarter RM'000		Changes (amount / %)		Cumulative Quarter RM'000		Changes (amount / %)	
	<u>31/03/2019</u>	<u>31/03/2018</u>	<u>RM'000</u>	<u>%</u>	<u>31/03/2019</u>	<u>31/03/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	52	1,454	(1,402)	(96%)	372	11,461	(11,089)	(97%)
(Loss)/Profit Before Tax and Interest	(382)	307	(689)	(224%)	3,977	3,305	672	20%
(Loss)/Profit Before Tax	(510)	64	(574)	(897%)	3,535	2,376	1,159	49%
(Loss)/Profit After Tax	(791)	(109)	(682)	(626%)	2,202	1,460	742	51%
(Loss)/Profit attributable to Owners of the parent	(403)	(56)	(459)	(820%)	1,123	744	379	51%

The property development division recorded revenue of RM0.37 million which is RM11.09 million or 97% lower than the preceding financial period 31 March 2018 of RM11.46 million. The profit before tax is RM3.54 million which is RM1.16 million or 49% higher than the preceding financial period ended 31 March 2018.

The higher profit before tax of RM1.16 million or 49% as compared to lower revenue recorded of only RM0.37 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>31/03/2019</u>	<u>31/03/2018</u>	<u>RM'000</u>	<u>%</u>	<u>31/03/2019</u>	<u>31/03/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	-	-	-	-	-	-	-	-
Loss Before Tax and Interest	(435)	(666)	231	35%	(943)	(1,475)	532	36%
Loss Before Tax	(793)	(962)	169	17%	(2,304)	(2,314)	10	0%
Loss After Tax	(742)	(836)	94	11%	(2,441)	(2,291)	(150)	6%
Loss attributable to Owners of the parent	(891)	(684)	(207)	(30%)	(2,590)	(2,074)	(516)	(25%)

The investment holdings recorded a loss before tax of RM2.30 million a marginal decrease of RM0.01 million than the preceding financial period 31 March 2018 of loss before tax of RM2.31 million.

B2. Comparison with Preceding Quarter's Results

	Current quarter	Immediate Preceding Quarter	Changes	
	RM'000	RM'000	(amount / %)	
	<u>31/03/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	148,519	176,973	(28,454)	(16%)
Profit Before Tax and Interest	3,303	18,806	(15,503)	(82%)
Profit Before Tax	2,663	17,258	(14,595)	(85%)
Profit After Tax	2,141	12,166	(10,025)	(82%)
Profit attributable to Owners of the parent	2,872	9,479	(6,607)	(70%)

The Group posted revenue of RM148.52 million for the current quarter ended 31 March 2019 which is RM28.45 million or 16% lower than the immediate preceding quarter ended 31 December 2018 of RM176.97 million. The profit before tax for the current quarter ended 31 March 2019 is RM2.66 million, which is RM14.60 million or 85% lower than the immediate preceding quarter ended 31st December 2018 of RM17.26 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 Quarter RM'000	(amount / %)	
	<u>31/03/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	103,118	122,012	(18,894)	(15%)
(Loss)/Profit Before Tax and Interest	(5,133)	5,666	(10,799)	(191%)
(Loss)/Profit Before Tax	(5,760)	5,072	(10,832)	(214%)
(Loss)/Profit After Tax	(5,022)	3,800	(8,822)	(232%)
(Loss)/Profit attributable to Owners of the parent	(3,981)	3,047	(7,028)	(231%)

The shipping and marine segment posted an decrease in revenue of RM18.89 million or 15% in the current quarter ended 31 March 2019 of RM103.12 million as compared to RM122.01 million in the immediate preceding quarter ended 31 December 2018. The decrease in the revenue and loss before tax are due to reason explained in B1.

<u>Integrated logistics segment</u>	Current quarter	Immediate	Changes	
	RM'000	Preceding Quarter RM'000	(amount / %)	
	<u>31/03/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	33,948	42,989	(9,041)	(21%)
Profit Before Interest and Tax	9,721	9,727	(6)	0%
Profit Before Tax	9,164	9,066	98	1%
Profit After Tax	7,437	7,282	155	2%
Profit attributable to Owners of the parent	6,572	6,942	(370)	(5%)

The integrated logistics segment posted decrease in revenue of RM9.04 million or 21% in the current quarter ended 31st March 2019 of RM33.95 million as compared to RM42.99 million in the immediate preceding quarter ended 31 December 2018 due to changes in pricing structure. The profit before tax for the current quarter ended 31 March 2019 is RM9.16 million, which is RM0.98 million or 1% higher than the immediate preceding quarter ended 31st December 2018 of RM9.07 million.

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>31/03/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	11,400	11,914	(514)	(4%)
Profit Before Interest and Tax	805	176	629	357%
Profit Before Tax	735	104	631	607%
Profit After Tax	530	46	484	105%
Profit attributable to Owners of the parent	530	46	484	105%

The engineering segment posted a decrease in revenue of RM0.51 million or 4% in the current quarter ended 31 March 2019 of RM11.40 million as compared to RM11.91 million in the immediate preceding quarter ended 31 December 2018. The increase in profit before tax of RM0.63 million in the current quarter ended 31 March 2019 of RM0.73 million as compared to RM0.10 million due to better margin derived from ongoing project.

	Current quarter	Immediate	Changes	
	RM'000	Preceding Quarter RM'000	(amount / %)	
<u>Property segment</u>	<u>31/03/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	52	59	(7)	(118%)
(Loss)/Profit Before Interest and Tax	(382)	4,172	(4,554)	(109%)
(Loss)/Profit Before Tax	(510)	4,019	(4,529)	(113%)
(Loss)/Profit After Tax	(791)	3,018	(3,809)	(126%)
(Loss)/Profit attributable to Owners of the parent	(403)	1,539	(1,942)	(126%)

The property segment posted a marginal decrease in revenue in the current quarter ended 31 March 2019 of RM0.05 million as compared to RM0.06 million in the immediate preceding quarter ended 31 December 2018. The loss before tax for the current quarter ended 31 March 2019 is RM0.51 million, which is RM4.53 million lower than the immediate preceding quarter ended 31 December 2018 of profit of RM4.02 million. The reason for the huge decrease 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 / %)	
	31/03/2019	31/12/2018	RM'000	%
<u>Investment holding segment</u>				
Revenue	-	-	-	-
Loss Before Interest and Tax	(435)	(160)	(275)	172%
Loss Before Tax	(793)	(836)	43	5%
Loss After Tax	(742)	(992)	250	25%
Loss attributable to Owners of the parent	(891)	(1,024)	133	13%

The investment holdings recorded a loss before tax of RM0.79 million a marginal decrease of RM0.04 million or 5% as compare to the immediate preceding quarter ended 31 December 2018 of RM0.84 million.

B3. Prospects

Volatility in the oil prices and stiff competition have impacted our Group's shipping and marine segment's profit margin. Going forward, our shipping and marine segment have taken cost cutting measures to mitigate these challenges.

Present political stability has attracted more foreign investors into Malaysia and this have brought developments to our local industries. Our integrated logistics and engineering segment will benefit from this developments.

Global economic growth due to the US-China Trade War has been 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.

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

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	Preceding Period	Current Financial	Preceding Financial
	Quarter	Corresponding Quarter	Period	Period
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	<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	(190)	(279)	(1,068)	(976)
Amortisation of prepaid land lease payment	67	82	200	248
Depreciation of plant and equipment	6,074	6,552	18,222	18,130
Depreciation to investment properties	52	52	157	157
Finance cost	1,290	1,273	3,919	4,024
Reversal of impairment of receivables, net of allowance	(2,011)	(670)	(2,495)	(1,095)

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
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expense	1,748	2,878	8,686	8,348
Prior years		1,000		3,000
Deferred tax expense:				
Origination and reversal of temporary difference	(1,225)	(220)	(21)	852
	<hr/>	<hr/>	<hr/>	<hr/>
	523	3,658	8,665	12,200

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 17 May 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 March 2019 and 31 March 2018 are as follows:

	As at 31 March 2019		
	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	7,461	23,779	31,240
Bank Overdraft	1,624	-	1,624
Finance Lease Liabilities	7,881	18,018	25,899
	<u>16,966</u>	<u>41,797</u>	<u>58,763</u>
Unsecured			
Bankers' Acceptance	4,676	-	4,676
Revolving Credit	16,870	-	16,870
	<u>21,546</u>	<u>-</u>	<u>21,546</u>
	<u>38,512</u>	<u>41,797</u>	<u>80,309</u>
	As at 31 March 2018		
	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	10,855	25,099	35,954
Bank Overdraft	8,189	-	8,189
Finance Lease Liabilities	10,765	15,895	26,660
	<u>29,809</u>	<u>40,994</u>	<u>70,803</u>
Unsecured			
Bankers' Acceptance	3,702	-	3,702
Revolving Credit	7,870	-	7,870
	<u>11,572</u>	<u>-</u>	<u>11,572</u>
	<u>41,381</u>	<u>40,994</u>	<u>82,375</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 March 2019.

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

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 17 May 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 17 May 2019 being the date not earlier than 7 days from the date of this announcement.

B12. Dividend declared

No dividend was declared for the current quarter and financial period ended 31 March 2019.

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

B13. Earnings per Share

Basic earnings per share

The basic earnings per share for the current quarter and financial period ended 31 March 2019 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 RM2,872,000 and financial period of RM23,041,000 by the number of ordinary shares in issue during the current quarter and financial period ended 31 March 2019 of 400,400,004.

	Individual Quarter		Cumulative Quarter	
	Current period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Earnings Per Share				
Profit net of tax attributable to Owners of the parent (in RM'000)	2,872	6,107	23,041	25,422
Weighted average number of ordinary shares in issue ('000)	400,400	400,400	400,400	400,400
Basic earnings per share (sen)	0.72	1.53	5.75	6.35
Diluted earnings per share (sen)*	0.72	1.53	5.75	6.35

*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)

B14. Provision of Financial Assistance

The financial assistance provided by the Company and its subsidiaries to its non wholly-owned subsidiaries as at 31 March 2019 pursuant to paragraph 8.23(1) of the Listing Requirements.

	31 March 2019	31 Dec 2018
	RM'000	RM'000
Corporate guarantees to financial institutions for credit facilities granted to:		
- non wholly-owned subsidiary companies	13,200	14,110
	=====	=====

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 2019.

This announcement is dated 24 May 2019.