

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 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 / %)	
	31/12/2019	31/12/2018	RM'000	%	31/12/2019	31/12/2018	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	164,588	176,973	(12,385)	(7%)	331,019	335,848	(4,829)	(1%)
Operating expenses	(136,003)	(152,951)	16,948	(11%)	(278,055)	(287,729)	9,674	(3%)
Gross profit	28,585	24,022	4,563	19%	52,964	47,085	4,845	10%
Interest income	264	516	(252)	(49%)	478	878	(400)	(46%)
Other income	991	6,830	(5,839)	(85%)	1,981	9,760	(7,779)	(80%)
Administrative Expenses	(14,412)	(12,665)	(1,747)	14%	(27,576)	(25,315)	(2,261)	9%
Finance costs	(1,288)	(1,548)	260	(17%)	(2,390)	(2,629)	239	(9%)
Share of results of jointly controlled entity	(23)	(23)	-	0%	(32)	(36)	4	(11%)
Share of results of associated companies	343	126	217	172%	1,308	895	413	46%
Profit before taxation	14,460	17,258	(2,798)	(16%)	26,733	31,672	(4,939)	(16%)
Taxation	(2,189)	(5,092)	2,903	(57%)	(5,982)	(8,142)	2,160	(27%)
Net profit for the year	12,271	12,166	105	1%	20,751	23,530	(2,779)	(12%)
Other comprehensive income:								
Items that may be reclassified subsequently to profit or loss:								
Exchange difference on translation of foreign entity	(205)	60	(265)	(442%)	(140)	699	(839)	(120%)
Total comprehensive income for the year	12,066	12,226	(160)	(1%)	20,611	24,229	(3,618)	(15%)
Profit for the year attributable to:								
Owners of the parent	11,927	9,479	2,448	26%	20,852	20,169	683	3%
Non-Controlling Interests	344	2,687	(2,343)	(87%)	(99)	3,361	(3,460)	(103%)
	12,271	12,166	105	1%	20,751	23,530	(2,777)	(12%)
Total Comprehensive income for the year attributable to:								
Owners of the parent	11,724	9,539	2,185	23%	20,714	20,868	(154)	(1%)
Non-Controlling Interests	342	2,687	(2,345)	(87%)	(101)	3,361	(3,462)	(103%)
	12,066	12,226	(160)	(1%)	20,613	24,229	(3,616)	(15%)
Earnings per share ("EPS") (in sen)								
Basic earnings per share (sen) (Note B14)	2.98	2.37	0.61	26%	5.21	5.04	0.17	3%
Diluted earnings per share (sen)	2.98	2.37	0.61	26%	5.21	5.04	0.17	3%

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 2019.

HARBOUR-LINK GROUP BERHAD
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL POSITION

	As at	As at
	31/12/2019	30/06/2019
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	267,567	259,812
Right-to-use assets	2,482	-
Investment properties	4,673	3,432
Prepaid land lease payment	5,782	5,852
Inventories	44,578	44,527
Investment in jointly-controlled entity	471	502
Investment in associates	12,282	11,248
Other Investment	216	216
Deferred tax assets	1,679	1,061
Trade and other receivables	1,954	1,204
	341,684	327,854
Current assets		
Inventories	31,116	32,873
Trade and other receivables	155,539	139,671
Investment securities	19,956	17,728
Other current assets	22,418	27,344
Cash and bank balance	106,949	105,704
	335,978	323,321
TOTAL ASSETS	677,662	651,175
LIABILITIES		
Current liabilities		
Loans and borrowings	44,943	41,517
Trade and other payables	79,059	86,721
Other current liabilities	4,888	2,112
Tax payables	11,648	2,871
	140,538	133,222
Non-current liabilities		
Deferred tax liabilities	17,482	16,512
Lease liabilities	2,529	-
Loans and borrowings	40,531	39,991
	60,542	56,503
TOTAL LIABILITIES	201,080	189,725
NET ASSETS	476,582	461,450
EQUITY		
Share capital	200,200	200,200
Revenue reserves	213,838	197,688
Total shareholders' equity	414,038	397,888
Non-controlling interest	62,544	63,562
TOTAL EQUITY	476,582	461,450
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	1.03	0.99

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 2019.

HARBOUR-LINK GROUP BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019
(The figures have not been audited).

	CURRENT PERIOD	COMPARABLE PERIOD
	ENDED 31/12/2019	ENDED 31/12/2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	26,733	31,672
Adjustments for:		
Non-operating items	3,743	(2,063)
Depreciation	11,851	12,386
Interest expense	2,390	2,629
Interest income	(478)	(878)
Share of results in associates and jointly controlled entity	(1,276)	(859)
Operating profit before changes in working capital	42,963	42,887
Changes in working capital:		
(Increase) in inventories	(1,706)	(70)
(Increase) in trade and other receivables	(15,868)	(9,713)
Decrease in amount due from customers for contract works	4,926	3,568
Increase/(Decrease) in other current liabilities	2,776	1,516
(Decrease)/Increase in trade and other payables	(7,430)	(15,142)
Net cash generated from operations activities	25,661	23,046
Interest paid	(2,390)	(2,629)
Interest received	478	878
Tax paid	(3,795)	(5,387)
Net cash (used in)/generated from operating activities	19,954	15,908
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,642)	(20,890)
Increase in fixed deposit pledged	-	681
(Increase)/Decrease in investment securities	(4,647)	3,061
Net cash outflow acquisition of other investment	(103)	(384)
Capital contributed by non controlling interest in subsidiary	-	1,050
Disposal of Non Controlling Interest in Subsidiaries	(499)	(1,407)
Dividend received	160	160
Proceeds from disposal of property, plant and equipment	759	9,749
Net cash used in investing activities	(14,972)	(7,980)
Cash flows from financing activities		
Dividend paid	(4,879)	(430)
Net proceeds from borrowings	7,927	(8,227)
Net proceeds from/(repayment of) lease payables	(4,304)	(5,609)
Net cash generated from/(used in) financing activities	(1,256)	(14,266)
Net increase/(decrease) in cash and cash equivalents	3,726	(6,338)
Cash and cash equivalents at beginning of period	99,603	109,822
Cash and cash equivalents at end of period	103,329	103,484

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

Cash and bank balances	106,949	109,150
Bank Overdraft	(646)	(4,079)
Short term deposits pledged as securities for bank borrowings	(2,974)	(1,587)
	<u>103,329</u>	<u>103,484</u>

This Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2019.

HARBOUR-LINK GROUP BERHAD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS PERIOD ENDED 31 DECEMBER 2019

(The figures have not been audited).

	ATTRIBUTABLE TO EQUITY HOLDERS OF COMPANY					NON-CONTROLLING INTEREST RM'000
	TOTAL EQUITY RM'000	TOTAL EQUITY	SHARE CAPITAL RM'000	NON-DISTRIBUTABLE	DISTRIBUTABLE	
		ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000		FOREIGN CURRENCY TRANSLATION RESERVE RM'000	RETAINED EARNINGS / (ACCUMULATED LOSSES) RM'000	
6 MONTHS ENDED 31 DECEMBER 2019						
At 1 July 2019	461,450	397,888	200,200	2,272	195,416	63,562
Disposal by Non Controlling Interest in Subsidiaries	(602)	(560)	-	-	(560)	(42)
Dividends on ordinary shares	(4,879)	(4,004)	-	-	(4,004)	(875)
Total comprehensive income for the period	20,613	20,714	-	(138)	20,852	(101)
At 31 December 2019	476,582	414,038	200,200	2,134	211,704	62,544
6 MONTHS ENDED 31 DECEMBER 2018						
At 1 July 2018	431,967	376,013	200,200	1,549	174,264	55,954
Capital contributed by Non Controlling Interest in Subsidiary	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	194,627	60,585

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 2019.

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

On 1st July 2019, the Group and the Company adopted the following new and amended MFRSs that have been issued by Malaysia Accounting Board (“MASB”)

Title		Effective Date
MFRS 16	<i>Leases</i>	1 January 2019
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128	<i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119	<i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019

A1. Basis of Preparation (cont'd)

MFRSs and Amendments to MFRSs issued but not yet effective

Title	Effective Date
MFRS 17 : Insurance Contract	1 January 2021
Amendments to MFRS 3 : Definition of a Business 1	1 January 2020
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³	On or after a date to be determined.
Amendments to MFRS 101 and MFRS 108 : Definition of Material 1	1 January 2020

The adoption of the said MFRSs and Amendments of MFRSs did not have any impact to the condensed financial statements except the changes arising from MFRS 16 *Leases*, as disclosed below:

MFRS16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. The right-of-use asset is depreciated in accordance with the principle in MFRS116, Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in profit or loss. A lessor continues to classify all leases as either operating leases or finance leases using similar principles as in MFRS117. Therefore, MFRS16 did not have an impact for leases where the Group is the lessor.

Under MFRS 16, the Group recognises right-of-use assets and lease liabilities for most of its operating leases – these leases are on-balance sheet at initial application. At transition, the right-of-use asset is measured at an amount equal to lease liability whilst the lease liability is measured at the present value of the remaining lease payments using the Group's incremental borrowing rate.

The Group adopted MFRS16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. The prior-year figures were not adjusted.

As a result of the adoption of MFRS 16 in respect of the leases previously classified as operating lease, the Group recognised RM2,534,587 of right-of-use assets and lease liabilities. The Group discounted lease payments at weighted average rate of 5%. Accordingly, the Group has recognised amortisation of right-of-use assets of RM52,804 and finance costs of RM60,040 for these leases for the three months ended 31 December 2019.

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 2019 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 Cyclicalness 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 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 December 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 2020 amounting to RM4,004,000 (2019: RM4,004,000) was paid on 06 January 2020.

.

.

A8. Segment Information (Cont'd)

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

Financial period to date 31 December 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	-	194,791	90,624	44,277	1,327	-	331,019
Inter-segment sales	921	110	12,416	-	69	(13,516)	-
	921	194,901	103,040	44,277	1,396	(13,516)	331,019
RESULTS							
(Loss)/Profit before taxation from the normal operations	(2,138)	9,827	16,418	3,706	487	(1,567)	26,733
Profit before taxation includes:							
Amortisation of prepaid land lease payment	72	-	207	-	-	-	279
Amortisation of right-to-use assets	-	-	52	-	-	-	52
Depreciation to investment properties	-	-	111	2	-	-	113
Depreciation	158	3,801	7,126	224	98	-	11,407
Finance cost	358	960	1,379	133	261	(701)	2,390
Net impairment of trade receivables	-	870	2,298	-	-	-	3,168
Share of profit/(loss) in jointly controlled entities and associates	-	1,308	(32)	-	-	-	1,276

A8. Segment Information (Cont'd)

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

Financial period to date 31 December 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
SEGMENT ASSETS	46,090	263,318	273,180	87,500	77,220	(71,325)	675,983
Deferred tax assets	-	1,215	464	-	-	-	1,679
TOTAL ASSETS	46,090	264,533	273,644	87,500	77,220	(71,325)	677,662
Included in measure of segment assets are:							
Investment in associates	-	12,282	-	-	-	-	12,282
Investment in jointly controlled entities	-	-	471	-	-	-	471
Additional to property, plant and equipment	54	6,897	1,249	1,919	523	-	10,642
SEGMENT LIABILITIES	58,660	66,978	80,867	16,828	8,704	(48,439)	183,598
Deferred tax liabilities	-	5,224	9,954	2,294	11	-	17,483
TOTAL LIABILITIES	58,660	72,202	90,821	19,122	8,715	(48,439)	201,081

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)	-
	3,252	228,805	89,107	26,902	320	(12,538)	335,848
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

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

A9. Property, Plant and Equipment

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

A10. Significant Post Balance Sheet Event

There are no material events as at 18 February 2020, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the current financial period under review.

A11. Changes in Composition of the Group

Save for the below, there were no changes in composition of the Group during the current financial period ended 31 December 2019:

1. On 11 July 2019, Harbour-Link Navigation Sdn. Bhd. (“HLN”), a subsidiary of the Company, acquired the remaining 5,664,000 ordinary shares, representing 48% equity interest in Harbour Gemini Sdn. Bhd. (“HGSB”), for a total cash consideration of RM1. Following the acquisition, HGSB became a fully owned subsidiary of the HLN.
- (2) On 25 July 2019, Harbour-Link (M) Sdn. Bhd. (“HLM”), a subsidiary of the Company, acquired the remaining 300,000 ordinary shares, representing 30% equity interest in HLG Engineering Sdn. Bhd. (“HLGE”), for a total cash consideration of RM474,000. Following the acquisition, HLGE became a fully owned subsidiary of the HLM.
- (3) On 1st November 2019, Harbour-Link Group. Bhd. (“HLGB”), acquired the remaining 350,000 ordinary shares, representing 5% equity interest in Harbour Hornbill Sdn. Bhd. (“HHSB”), for a total cash consideration of RM103,412. Following the acquisition, effective interest in HHSB is 85% by HLGB.

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

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 2019 RM'000	30 Sept 2019 RM'000
Capital expenditure Authorised and contracted for	3,456	2,747

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 2019 RM'000	Balance due from/(to) As at 31 Dec 2019 RM'000
Transaction with companies in which Certain Directors of the Company have substantial interests		
Sales of goods and services	71	74
Purchase of goods and services	1,158	(1,056)

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>31/12/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	164,588	176,973	(12,385)	(7%)	331,019	335,848	(4,829)	(1%)
Profit Before Interest and Tax	15,747	18,806	(3,059)	(16%)	29,124	34,301	(5,177)	(16%)
Profit Before Tax	14,460	17,258	(2,798)	(16%)	26,733	31,672	(4,939)	(16%)
Profit After Tax	12,271	12,166	(105)	(1%)	20,751	23,530	(2,779)	(12%)

The Group posted revenue of RM331.02 million for the current financial period ended 31 December 2019, which is RM4.83 million or 1% lower than the preceding financial period of RM335.85 million. The profit before tax for the current financial period ended 31 December 2019 is RM26.73 million, which is RM4.94 million or 16% lower than the preceding financial period of RM31.67 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 / %)	
	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	96,262	118,892	(22,630)	(19%)	194,791	217,862	(23,071)	(11%)
Profit Before								
Interest and Tax	6,376	5,666	710	12%	9,371	13,093	(3,722)	(28%)
Profit Before Tax	6,797	5,072	1,725	34%	9,827	12,669	(2,842)	(22%)
Profit After Tax	6,217	3,800	2,417	64%	8,528	9,711	(1,183)	(12%)

The shipping and marine segment recorded revenue of RM194.79 million which is RM23.07 million or 11% lower than the preceding financial period ended 31 December 2018 of RM217.86 million. The decrease in the revenue by 11% is due to lower volume of cargo handled to East Malaysia from Hong Kong and China. The profit before tax has decreased by RM2.84 million or 22% compared to preceding financial period ended 31 December 2018 of RM12.67 million. The reason for the significant decrease in the profit before tax is due to lower utilization of Hong Kong and China route.

Integrated logistics segment	Current Quarter RM'000		Changes (amount / %)		Cumulative Quarter RM'000		Changes (amount / %)	
	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	46,682	42,989	3,693	8%	90,624	90,950	(326)	n/a
Profit Before								
Interest and Tax	7,861	9,727	(1,866)	(19%)	18,174	17,625	549	3%
Profit Before Tax	6,912	9,066	(2,154)	(24%)	16,418	16,510	(92)	n/a
Profit After Tax	6,203	7,282	(1,079)	(15%)	13,075	12,899	176	1%

The integrated logistics segment recorded a marginal increase in revenue of RM0.33 million to RM90.62 million as compared to the preceding financial period ended 31 December 2018 of RM90.95 million.

The profit before tax has recorded a marginal decreased of RM92K to RM16.42 million as compared to preceding financial period ended 31 December 2018 of RM16.51 million.

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>31/12/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	20,355	11,914	8,441	71%	44,277	26,902	17,375	65%
Profit Before Tax and Interest	2,117	176	1,941	>100%	3,838	386	3,452	>100%
Profit Before Tax	2,051	104	1,947	>100%	3,706	241	3,465	>100%
Profit After Tax	1,522	46	1,476	>100%	2,752	116	2,636	>100%

The engineering segment recorded revenue of RM44.28 million which is RM17.37 million higher than the preceding financial period ended 31 December 2018 of RM26.90 million. The profit before tax is RM3.84 million which is RM3.45 million or more than 100% higher than the preceding financial period ended 31 December 2018. The increase in revenue is due to few new projects that begins in preceding financial period are at the advance stage. The increase in the profit before tax is in tandem with the increase in the revenue.

Property segment	Current Quarter RM'000		Changes (amount / %)		Cumulative Quarter RM'000		Changes (amount / %)	
	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	1,289	50	1,239	>100%	1,327	134	1,193	>100%
Profit Before Interest and Tax	576	4,172	(3,596)	(86%)	487	4,360	(3,873)	(89%)
Profit Before Tax	707	4,019	(3,312)	(82%)	487	4,045	(3,558)	(88%)
Profit After Tax	319	3,018	(2,699)	(89%)	92	2,992	(2,900)	(97%)

The property development division recorded revenue of RM1.33 million which is RM1.19 million or more than 100% higher the preceding financial period 31 December 2018 of RM0.13 million. The profit before tax is RM0.49 million which is RM3.56 million or 88% lower than the preceding financial period ended 30 December 2018.

The significant profit before tax in preceding period ended 31 December 2018 of RM4.05 million is due to the sale of 1 unit of warehouse namely Lot 2655 Block 20, Kemena Land District, Bintulu. The profit before tax is from the gain of disposal 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>31/12/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>RM'000</u>	<u>%</u>
Revenue	-	-	-	-	-	-	-	-
Loss Before Tax and Interest	(746)	(160)	586	>100%	(1,179)	(508)	671	>100%
Loss Before Tax	(1,284)	(836)	448	54%	(2,138)	(1,511)	627	41%
Loss After Tax	(1,268)	(992)	276	28%	(2,126)	(1,699)	427	25%

The investment holdings recorded a loss before tax of RM2.14 million an increase of RM0.63 million than the preceding financial period 31 December 2018 of loss before tax of RM1.51 million.

B2. Comparison with Preceding Quarter's Results

	Current quarter	Immediate Preceding Quarter	Changes	
	RM'000	RM'000	(amount / %)	
	<u>31/12/2019</u>	<u>30/09/2019</u>	<u>RM'000</u>	<u>%</u>
Revenue	164,588	166,431	(1,843)	(1%)
Profit Before Tax and Interest	15,747	13,377	2,370	18%
Profit Before Tax	14,460	12,274	2,186	18%
Profit After Tax	12,271	8,482	3,789	45%

The Group posted revenue of RM164.59 million for the current quarter ended 31 December 2019 which is RM1.84 million or 1% lower than the immediate preceding quarter ended 30 September 2019 of RM166.43 million. The profit before tax for the current quarter ended 31 December 2019 is RM14.46 million, which is RM2.19 million or 18% higher than the immediate preceding quarter ended 30 September 2019 of RM12.27 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>31/12/2019</u>	<u>30/09/2019</u>	<u>RM'000</u>	<u>%</u>
Revenue	96,262	98,529	(2,267)	(2%)
Profit Before Tax and Interest	6,376	2,709	3,667	>100%
Profit Before Tax	6,797	3,033	3,764	>100%
Profit After Tax	6,217	2,310	3,907	>100%

The shipping and marine segment posted a marginal decrease in revenue of RM2.27 million or 2% in the current quarter ended 31 December 2019 of RM96.26 million as compared to RM98.53 million in the immediate preceding quarter ended 30 September 2019. The huge increase in profit before tax for the current quarter ended 31 December 2019 by RM3.76 million as compared to the immediate preceding quarter ended 30th September 2019 is due to lower operation cost.

<u>Integrated logistics segment</u>	Current quarter	Immediate	Changes	
	RM'000	Preceding Quarter RM'000	(amount / %)	
	<u>31/12/2019</u>	<u>30/09/2019</u>	<u>RM'000</u>	<u>%</u>
Revenue	46,682	43,943	2,739	6%
Profit Before Interest and Tax	7,861	10,314	(2,453)	(24%)
Profit Before Tax	6,912	9,507	(2,595)	(27%)
Profit After Tax	6,203	6,873	(670)	(10%)

The integrated logistics segment posted increase in revenue of RM2.74 million or 6% in the current quarter ended 31 December 2019 of RM46.68 million as compared to RM43.94 million in the immediate preceding quarter ended 30 September 2019 due to higher cargo handling from oil and gas industries. The profit before tax for the current quarter ended 31 December 2019 is RM6.91 million, which is RM2.59 million or 27% lower than the immediate preceding quarter ended 30 September 2019 of RM9.51 million due to impairment of trade receivables of RM2.298 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>31/12/2019</u>	<u>30/09/2019</u>	<u>RM'000</u>	<u>%</u>
Revenue	20,355	23,922	(3,567)	(15%)
Profit Before Interest and Tax	2,117	1,721	396	23%
Profit Before Tax	2,051	1,655	396	24%
Profit After Tax	1,522	1,229	293	24%

The engineering segment posted a decrease in revenue of RM 3.57 million or 15% in the current quarter ended 31 December 2019 of RM20.36 million as compared to RM23.92 million in the immediate preceding quarter ended 30 September 2019. The increase in profit before tax of RM0.40 million in the current quarter ended 31 December 2019 of RM2.05 million as compared to RM1.66 million due to the current project in hands has reached the advance stage of completion.

	Current quarter	Immediate	Changes	
	RM'000	Preceding Quarter RM'000	(amount / %)	
<u>Property segment</u>	<u>31/12/2019</u>	<u>30/09/2019</u>	<u>RM'000</u>	<u>%</u>
Revenue	1,289	37	1,252	>100%
Profit/(Loss) Before Interest and Tax	576	(89)	665	>100%
Profit/(Loss) Before Tax	707	(220)	927	>100%
Profit/(Loss) After Tax	319	(227)	546	>100%

The property segment posted an increase in revenue in the current quarter ended 31 December 2019 of RM1.29 million as compared to RM37K in the immediate preceding quarter ended 30 September 2019. The increase in revenue has resulted in the profit before tax for the current quarter ended 31 December 2019 of RM0.71 million, which is RM0.93 million higher than the immediate preceding quarter ended 30 September 2019 of loss before tax of RM0.22 million.

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>31/12/2019</u>	<u>30/09/2019</u>	<u>RM'000</u>	<u>%</u>
Revenue	-	-	-	-
Loss Before Interest and Tax	(746)	(433)	313	72%
Loss Before Tax	(1,284)	(854)	430	50%
Loss After Tax	(1,268)	(859)	409	48%

The investment holdings recorded a loss before tax of RM1.28 million an increase of loss of RM0.43 million or 50% as compare to the immediate preceding quarter ended 30 September 2019 of RM0.85 million.

B3. Prospects

China has become an indispensable part of global business and the outbreak of the Covic-19 in China, at least two economists at government-linked think-tanks have in recent weeks [projected a loss](https://www.aljazeera.com/ajimpact/chinas-tough-choices-virus-support-economy-200214032804066) of up to one percentage point from China's growth rate in the first quarter of 2020 and even for the full year. (Adopted from <https://www.aljazeera.com/ajimpact/chinas-tough-choices-virus-support-economy-200214032804066>)

Policymakers in [Japan](#) has said that Japanese Government would braced for a sharp contraction in October-December growth and warned of a drop in output and consumption due to the coronavirus outbreak, as Asian economies sounded the alarm over darkening economic outlooks. [Singapore](#)'s economy could enter recession due to the blow from the [coronavirus outbreak](#), its prime minister had said while neighbouring [Malaysia](#) said it would announce a stimulus package to mitigate the negative effects of the virus outbreak. (Adopted from <https://www.aljazeera.com/ajimpact/asian-governments-brace-economic-effects-coronavirus-200214074932442>)

The lower import and export volume will impact our shipping and logistics segment due to lower freighting and utilization of shipping space.

We are cautious and keep abreast on the current development. We shall control cost and manage our operation efficiency.

As for our other business segments, we shall maintain and further progress and develop our logistics services and engineering works. We expect to maintain the financial result of 2019 in year financial ending 2020.

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
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the year ended is stated after charging/ (crediting):				
Interest income	(264)	(516)	(478)	(878)
Amortisation of prepaid land lease payment	162	67	279	133
Amortisation of right-to-use assets	26	-	52	-
Depreciation of plant and equipment	5,724	6,190	11,407	12,148
Depreciation to investment properties	61	53	113	105
Finance cost	1,288	1,548	2,390	2,629
Allowance of impairment of receivables, net of allowance	1,701	(1,620)	3,168	(484)

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
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expense	2,751	5,042	6,346	6,938
Deferred tax expense: Origination and reversal of temporary difference	(562)	50	(364)	1,204
	2,189	5,092	5,982	8,142

The effective tax rate of the Group for the current quarter and financial period was lower than the statutory tax rate of 24 per cent principally due to the one of the companies in the integrated logistics has been granted a tax exemption incentive of their 70% statutory income derived.

B7. Status of Corporate Proposal

There were no pending corporate proposals up to 18 February 2020, 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 2019 and 31 December 2018 are as follows:

	As at 31 December 2019		
	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
Term loan	6,310	23,345	29,655
Bank Overdraft	646	-	646
Finance Lease Liabilities	9,632	17,186	26,818
	16,588	40,531	57,119
Unsecured			
Bankers' Acceptance	9,535	-	9,535
Revolving Credit	18,820	-	18,820
	28,355	-	28,355
	44,943	40,531	85,474

	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
	21,034	41,917	62,951
Unsecured			
Bankers' Acceptance	3,702	-	3,702
Revolving Credit	7,570	-	7,570
	11,272		11,272
	32,306	41,917	74,223

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 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 18 February 2020, 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 2020 being the date not earlier than 7 days from the date of this announcement.

B12. Dividend declared

A first interim dividend of 1.0 sen per ordinary share for the financial year ending 30 June 2020 amounting to RM4,004,000 (2019: RM4,004,000) for the financial period ended 31 December 2019.

No interim ordinary dividend has been declared during the quarter under review.

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 December 2019 is calculated by dividing the Group's profit for the year, net of tax, attributable to owners of the parent for the current quarter and financial period of RM11,927,000 and RM20,852,000 by the number of ordinary shares in issue during the current quarter and financial period ended 31 December 2019 of 400,400,004.

	Individual Quarter		Cumulative Quarter	
	Current period Quarter	Preceding Period Corresponding Quarter	Current Financial Period	Preceding Financial Period
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Earnings Per Share				
Profit net of tax attributable to Owners of the parent (in RM'000)	11,927	9,479	20,852	20,169
Weighted average number of ordinary shares in issue ('000)	400,400	400,400	400,400	400,400
Basic earnings per share (sen)	2.98	2.37	5.21	5.04
Diluted earnings per share (sen)*	2.98	2.37	5.21	5.04

*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 December 2019 pursuant to paragraph 8.23(1) of the Listing Requirements.

	31 Dec 2019	30 Sept 2019
	RM'000	RM'000
Corporate guarantees to financial institutions for credit facilities granted to:		
- non wholly-owned subsidiary companies	15,899	11,498
	=====	=====

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 2019.

This announcement is dated 25 February 2020.