

**MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS
OF
HARBOR STAR SHIPPING SERVICES, INC.**

Held on 23 September 2020
Conducted virtually via remote communication

<u>PRESENT:</u>	<u>NO. OF SHARES</u>
Total No. of Shares Represented In Person and By Proxy	579,934,038
Total Outstanding Shares	894,586,870
Attendance Percentage to Total Outstanding Shares	64.83%

I. CALL TO ORDER

The Chairman, Mr. Geronimo P. Bella, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Atty. Ignatius A. Rodriguez, recorded the minutes of the proceedings.

The Chairman informed the stockholders that because of the community quarantine imposed by the Philippine Government, the meeting is held for the first time in a remote communication format.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary certified that:

(a) In accordance with the Securities and Exchange Commission's Notice dated 20 April 2020 and the provisions of the Securities Regulation Code, notice for this meeting was published in the business section of two (2) newspapers of general circulation, namely: Philippine Daily Inquirer and The Manila Standard, in print and online format, for two (2) consecutive days at least twenty-one (21) days prior to the date of this meeting;

(b) Electronic copies of the Definitive Information Statement and its attachments were also made available on the Corporation's website and the PSE Edge portal;

(c) Accordingly, stockholders of record as of 20 August 2020 were notified of this meeting. The stockholders were also notified of the internal guidelines of the Corporation for participation in this meeting through remote communication in accordance with applicable rules; and

(c) Present in person and by proxy are Five Hundred Seventy Nine Million Nine Hundred Thirty Four Thousand Thirty Eight (579,934,038) shares out of the total outstanding Eight Hundred Ninety Four Million Five Hundred Eighty Six Thousand Eight Hundred Seventy (894,586,870) shares, or 64.83%, of the Corporation's total outstanding capital stock, and that a quorum existed for the valid transaction of business.

The Affidavit(s) of Publication dated August 31 and September 1, 2020 executed by Manila Standard and Philippine Daily Inquirer, respectively attesting the publication of the notice of this meeting are attached hereto as Annexes "A" and "B", respectively.

III. RULES OF CONDUCT AND VOTING PROCEDURES

Since the Corporation is conducting the meeting for the first time through remote communication in a virtual format, the Chairman requested the Corporate Secretary to share the rules of conduct and voting procedure for this meeting.

Thereafter, the Corporate Secretary explained that "Guidelines for Participation via Remote Communication and Voting in Absentia and through Proxy" for this meeting were made available in the Corporation's website, the Definitive Information Statement and in the Explanation of Agenda items which forms part of the Notice of the Annual Stockholders' Meeting. He emphasized the following points:

1. Only stockholders whose Letter(s) of Intent or proxy forms have been validated or verified were allowed to cast their votes for this meeting through the voting portal.
2. Resolutions proposed to be approved by the stockholders under the Agenda will be shown on the screen as it is being taken up.
3. Votes cast as of 14 September 2020 for each proposed resolution have been tabulated and results will be announced during the meeting.
4. A detailed result of the tabulation of the votes cast indicating the affirmative votes, negative votes and abstentions will be reflected in the Minutes of this meeting.

5. Relevant questions which have been submitted on or before 15 September 2020 will be addressed accordingly under the Other Matters item in the Agenda. Questions and comments not taken up during the meeting shall be addressed by the Corporation directly to the stockholder via email.

IV. APPROVAL OF PREVIOUS MINUTES

The Chairman stated that electronic copies of the Minutes of the Annual Stockholders' Meeting held on 29 May 2019 were made available for inspection on the Corporation's website.

The Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

"RESOLVED, that the Minutes of the Annual Stockholders' Meeting held on 29 May 2019 as appearing in the Minutes Book of the Corporation be approved."

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	491,462,451	-	88,471,587
% of Shares of Shareholders Present	84.74%	-	15.26%

V. MANAGEMENT REPORT

The Chairman and President rendered the Management Report for the period ending 31 December 2019. The Treasurer, Mr. Dany Cleo B. Uson, also presented the 1st half updates for the year 2020. Copies of the Management Report and 1st half updates for the year 2020 are attached as Annexes "C" and "D".

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

"RESOLVED, that the Management Report for 2019 be noted and approved."

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	491,462,451	-	88,471,587
% of Shares of Shareholders Present	84.74%	-	15.26%

VI. APPROVAL OF THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 2019

The Chairman presented for approval the Audited Financial Statements for the period ending 31 December 2019 as discussed in the Management Report.

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

“RESOLVED, that the Audited Financial Statements of the Corporation as of 31 December 2019 be noted and approved.”

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	491,462,451	-	88,471,587
% of Shares of Shareholders Present	84.74%	-	15.26%

VII. APPROVAL, CONFIRMATION AND RATIFICATION OF ALL ACTS, PROCEEDINGS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Chairman stated that a summary of the acts, proceedings, and resolutions to be ratified by the stockholders have been included in Item 16 of the Definitive Information Statement which were made available on the Corporation’s website and the PSE Edge portal.

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

“RESOLVED, that all legal acts, proceedings and resolutions of the Board of Directors and of the Management of the Corporation since the Annual Stockholders’ Meeting held on 29 May 2019 up to 23 September 2020, be, as they are hereby, approved, confirmed and ratified.”

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	491,462,451	-	88,471,587
% of Shares of Shareholders Present	84.74%	-	15.26%

VIII. ELECTION OF DIRECTORS

The Corporate Secretary stated that the Articles of Incorporation of the Corporation provides for seven (7) directors, two (2) of whom are required to be independent directors.

Under the Corporation’s By-Laws and Manual on Corporate Governance, the nomination of the Corporation’s directors shall be conducted by the Corporate Governance Committee prior to the annual stockholders’ meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees and shall be submitted to the Corporate Governance Committee and the Corporate Secretary at least forty-five (45) days before the date of the actual meeting.

The Corporate Governance Committee shall pre-screen the qualifications and prepare a Final List of all Candidates for directors. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors.

The Final List of Candidates for directors as determined by the Corporation’s Corporate Governance Committee and as disclosed in the Corporation’s Information Statement are:

1. Geronimo P. Bella, Jr.
2. Ricardo Rodrigo P. Bella
3. Ignatius A. Rodriguez
4. Ramon C. Liwag
5. Ryota Nagata

For Independent Directors:

6. Gene S. De Guzman; and
7. Gemma V. Sadiua.

Thereafter, the Corporate Secretary, reported that, after tabulating the votes cast, the votes garnered by the nominees mentioned in the Final List of Candidates are as follows:

<i>Nominee</i>	<i>Votes</i>
<i>Geronimo P. Bella, Jr.</i>	<i>491,462,451</i>
<i>Ricardo Rodrigo P. Bella</i>	<i>491,462,451</i>
<i>Ignatius A. Rodriguez</i>	<i>491,462,451</i>
<i>Ryota Nagata</i>	<i>491,462,451</i>
<i>Ramon C. Liwag</i>	<i>491,462,451</i>
<i>Gene S. De Guzman (Independent Director)</i>	<i>491,462,451</i>
<i>Gemma V. Sadiua (Independent Director)</i>	<i>491,462,451</i>

The Corporate Secretary certified that the seven (7) nominees mentioned in the Final List of Candidates for directors prepared by the Corporation's Corporate Governance Committee have received sufficient votes for election to the Board of Directors and they shall serve as such for the ensuing year until the election and qualification of their successors.

IX. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman stated that the present external auditor of the Corporation is auditing firm of Isla Lipana & Co.. The handling partner of Isla Lipana & Co. is rotated at least once every 5 years, in compliance with the 5-year limit under the rules of the Securities Regulation Code.

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

“RESOLVED, That the auditing firm of Isla Lipana & Co. be, as it is hereby appointed to be the Corporation's external auditor for the calendar year 2020.”

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	491,462,451	-	88,471,587
% of Shares of Shareholders Present	84.74%	-	15.26%

X. OTHER MATTERS

After confirming with the Corporate Secretary that there were no other matters that require consideration by the stockholders, the Chairman requested Ms. Edith Parro, DMMC Admin OIC, to read aloud the questions and comments together with the names of the stockholders who sent them.

The first question read by Ms.Parro was from Eduardo Jose Trapaga who asked how does the Company plan to recover from its losses in 2019.

The Chairman referred the question to Mr. Uson who answered the the Company's plan is to manage its debt servicing and borrowing, improve its income by being more aggressive in finding new contracts and developing our partnership with its existing clients, and mitigate the operational and administrative expenses through extensive planning and implementation. The Company has already started this by the end of the year 2019 and implemented the strategic plans on 2020. This is the reason why our Company has posted a 36% increase in the 1st quarter of 2020 compared to the same period of 2019.

The second question read by Ms. Parro was from Mr. Leo Venezuela who asked for more information on the Company's strategic diversification plans in terms of geographical areas of operation and business lines in the next 2-3 years.

The Chairman answered that due to the current Covid-19 Pandemic and its effect on the shipping industry, domestic and global economy, Harbor Star has no intention to pursue any business activity or endeavor that would require substantial funding and longer (ROI) return on investments. Activities would be focused on lowering costs, strengthening ties with customers and other stakeholders, improving our position as tug services provider in areas that we are already operating at such as Batangas, Bataan, Cebu, Iloilo, Davao, Cagayan de Oro and Subic for local markets and Malaysia for international market. The Company would also pursue further its local diving and marine construction and other services such as ship chandling, oil spill response and STS Ship-to-Ship transfer operations.

The third question read by Ms. Parro was from Mr. Dave De Leon who asked what challenges does the Company see in the next 2-3 years and how does the Company intend to address them.

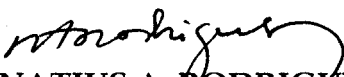
The Chairman answered that the challenges which the Company foresees in the next 2-3 years are: (1) how we stand and sustain our position to the flow of recovering global market in the shipping industry and (2) how we improve our financial stability and (3) how to ensure the security of our worker's lives.

The Company's concrete plans remain the same before, during and after COVID-19 pandemic. The Company's three-year plan will focus on its goal to stabilize further the Company's financial position. In achieving this goal, the Company constantly innovates measures to improve its internal control system. Among the contributing factors in achieving this goal are (1) meeting its revenue forecast (2) mitigating operational and administrative expenses (3) expanding core businesses across Asia Pacific Regions (4) engage in a profitable diversified business that would not require substantial funding (5) manage debt servicing costs and borrowings.


Thereafter, Ms. Parro relayed to the Chairman that there are no other questions.

XI. ADJOURNMENT

There being no further business to transact, and upon motion duly made and seconded, the meeting was adjourned.


IGNATIUS A. RODRIGUEZ
Corporate Secretary

Confirmed and Approved:


GERONIMO P. BELLA, JR.
Chairman of the Board

MATTERS TAKEN UP AT THE ANNUAL STOCKHOLDERS' MEETING

23 SEPTEMBER 2020

Quorum based on total outstanding shares 597,934,038 or 64.83%

Matters for Approval (Based on total voting shares represented in the meeting)

	<u>Votes Taken</u>		
	<u>For</u>	<u>Against</u>	<u>Abstain</u>
1. Minutes of previous meeting	84.74% 491,462,451	-	15.26% 88,471,587
2. Management Report	84.74% 491,462,451	-	15.26% 88,471,587
3. Audited Financial Statements as of 31 December 2019	84.74% 491,462,451	-	15.26% 88,471,587
4. Ratification of all legal acts, resolutions and proceedings of the Board of Directors and of Management since the 29 May 2019 Annual Stockholders' Meeting up to 22 July 2020	84.74% 491,462,451	-	15.26% 88,471,587
5. Election of Directors:			
Geronimo P. Bella, Jr.	84.74% 491,462,451	-	15.26% 88,471,587
Ricardo Rodrigo P. Bella	84.74% 491,462,451	-	15.26% 88,471,587
Ignatius A. Rodriguez	84.74% 491,462,451	-	15.26% 88,471,587
Ryota Nagata	84.74% 491,462,451	-	15.26% 88,471,587
Ramon C. Liwag	84.74% 491,462,451	-	15.26% 88,471,587
Gene S. De Guzman (Independent Director)	84.74% 491,462,451	-	15.26% 88,471,587
Gemma V. Sadiua (Independent Director)	84.74% 491,462,451	-	15.26% 88,471,587
6. Appointment of Isla Lipana & Co. as External Auditor	84.74% 491,462,451	-	15.26% 88,471,587

Manila Standard

PHILIPPINE MANILA STANDARD PUBLISHING, INC.

AFFIDAVIT OF PUBLICATION

I, Mario R. Policarpio Jr., Chief Accountant of Manila Standard, with office address at 6th Floor Universal Re Building, 106 Paseo de Roxas, Makati City, hereby depose and state that:

Manila Standard is a newspaper of general circulation and is distributed nationwide;

Manila Standard is qualified to publish all kinds of judicial notices.

Manila Standard published on

August 31 & September 1, 2020

a Notice:

HARBOR STAR _____

RE: NOTICE OF ANNUAL STOCKHOLDERS' MEETING _____

IN WITNESS WHEREOF, I hereby affix my signature this 3RD day of SEPTEMBER 2020 in Makati City.

MARIO R. POLICARPIO JR.
Authorized Signatory

SUBSCRIBED AND SWORN to before me this 3RD day of SEPTEMBER, 2020 in Makati City, affiant exhibiting to me his SSS No. 33-0476897-7

Doc. No.: 37

Page No.: 08

Book No.: 109

Series of 2020.

DWIGHT M. GALARRITA
APPOINTMENT NO. 264- 20

NOTARY PUBLIC FOR MAKATI CITY

PTR NO. 10055307/01-07-2018/MK1.

IBP NO. 02 06 /01-07-2018 QUEZON

MCLE # NO. 0621 190/07-05-20

HARBOR STAR SHIPPING SERVICES, INC.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Please be informed that the Annual Meeting of the Stockholders of HARBOR STAR SHIPPING SERVICES, INC. ("HSSSI") will be held and conducted virtually via secure online meeting platform on 23 September 2020, 9:30 a.m. for the following purposes:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 29 May 2019
4. Management Report
5. Approval of Audited Financial Statements as of 31 December 2019
6. Ratification of all legal acts, resolutions and proceedings of the Board of Directors and of Management, done in ordinary course of business since the 29 May 2019 Annual Stockholders' Meeting up to 23 September 2020
7. Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

The record date for stockholders entitled to notice and vote at the Annual Stockholders' Meeting is set on 20 August 2020 ("Stockholders of Record").

In the light of the COVID-19 pandemic, the 2020 Annual Meeting of Stockholders of HSSSI will be conducted virtually. Stockholders of Record may attend/participate via proxy, remote communication or vote in absentia. For the detailed registration and voting procedures, please visit <http://www.harborstar.com.ph/> and refer to the "Guidelines for Participation via Remote Communication and Voting in Absentia and through Proxy".

Stockholders who wish to participate in the meeting via remote communication and to vote in absentia should notify the Office of the Corporate Secretary through a Letter of Intent to be sent via e-mail to asm-2020@harborstar.com.ph or fill up the registration form at www.harborstar.com.ph/asm2020registrationform on or before 08 September 2020. Validated stockholders will be provided access to the live streaming of the meeting and can then cast their votes in absentia on or before 14 September 2020 through the Company's secure online voting facility. All votes cast shall be subject to validation.

The Corporation is not soliciting for proxies. Stockholders who are unable to join the meeting but wish to vote on items in the agenda by proxy must submit their duly accomplished proxy forms via email to asm-2020@harborstar.com.ph, not later than on or before 08 September 2020.

Stockholders of record may send their queries and comments to the Management Report and other items in the Agenda to asm-2020@harborstar.com.ph on or before 15 September 2020.

The Definitive Information Statement containing the attendance/voting (via remote communication) and election procedures, along with the Notice, Agenda, Proxy, Management Report, SEC Form 17-A, and other information related to the Annual Stockholders' Meeting can be accessed at http://www.harborstar.com.ph/investors/pse_disclosures.

Very truly yours,

Original Signed
IGNATIUS A. RODRIGUEZ
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S. S.

AFFIDAVIT OF PUBLICATION

I, ADELA GERSALIA MENDOZA, of legal age, Filipino, married and a resident of 14 Registration St. SSS HMS North, Quezon City Philippines after having duly sworn to in accordance with law, hereby declare and testify.

1. That I am the Classified Ads Officer-In-Charge of the PHILIPPINE DAILY INQUIRER, INC., publisher of the Philippine Daily Inquirer which is being published daily in English, of general circulation with editorial and business address at Chino Roces St. cor. Yague and Mascardo Sts., Makati.

2. That at the order of **HARBOR STAR SHIPPING SERVICES, INC.**

Re: NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Text of which would be described as follows:

AS PER ATTACHED


Has been published in the Philippine Daily Inquirer in its issue/issues of:

August 31 and September 01, 2020

Affiant Further Sayeth
Naught, Makati Philippines _____


ADELA G. MENDOZA
Affiant

SUBSCRIBED AND SWORN to before me this SEP 02 2020 day of _____ PHILIPPINES, affiant exhibited to me her Driver's License No. 102-01-455507 issued at Quezon City valid until October 10, 2023 and her SSS No. 03-9451924-9, bearing her photograph and signature.


ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2021
Appointment No. M-66-(2020-2021)
PTR No. 8116016 Jan. 2, 2020/Makati
IBF Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VI-0016565
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

Doc. No. 378;
Page No. 77;
Book No. 156;
Series of 2020.



MESSAGE TO OUR STOCKHOLDERS

Annual Stockholders' Meeting 2020

In 2019, Harbor Star posted its first loss in the last 15 years largely due to external factors. While our consolidated service income of P1.39 Billion was only P40 Million less than our 2018 revenue, the Company posted a net loss of P387 Million in 2019 compared to a net income of P107 Million in 2018. This was mainly the result of an almost one-year delay in completing the construction of the General Santos Solar Plant due to shortcomings of our EPC contractor, supply-chain challenges, and unforeseen additional requirements by the national grid operators. The promising project which went online mid-July generated a revenue of only P107 Million in 2019 instead of the projected P287 Million. Also contributing to the loss was the failure of the Manila-Cavite container feeder service venture. While the service was meant to decongest Manila ports and resolve the traffic problems in Metro Manila, it unfortunately did not garner the support of the shipping lines and key government agencies, as was promised prior to deciding to invest in this venture.

Despite the modest P39 Million revenue generated by the project, operating two vessels for the Manila-Cavite route was too costly. Finally, our cost of doing business increased in 2019. The cost of service of the Company historically hovered in the 6.5% to 6.9% of total revenue range. 2019 saw its cost of service reach 7.9% of total revenue. This was an inevitable consequence of asset acquisitions in the previous years which led to an increase in crew, operating and depreciation expenses.

Despite the setbacks, a lot of positives were achieved in 2019. We maintained our leadership in the integrated maritime services sector because of our diverse assets, skilled personnel and best-in-class service. We regained our lost market shares in the key ports of Bataan, Batangas and Cebu. Our service income from our main business, Harbor Assist, increased by 8.5% to P1.054 Billion in 2019 compared to P971 Million in 2018. Our operations in Malaysia also hit full stride. The year saw us adding another tug to support our Malaysian operations. Our strategy to gradually secure service contracts, instead of traditional spot-contracts, bore fruit as we were able to close more exclusivity contracts with various shipping lines and terminals. We participated in the salvage of MV Diamond Highway, a 200-meter car carrier ship which caught fire close to Recto Bank in the West Philippine Sea. However, the projected revenue to be derived from the salvage was not recognized in the FY2019 income statement despite proof of completion of the service. Another bright spot was the increase in the Company's total assets for 2019 to P6.14 Billion compared to P5 Billion in 2018.

Our Commitment to the Future

We continue to be guided by the opportunities that lie ahead. As we prudently explore ways to increase our revenue, we will continue to strengthen our core business. We see harbor assistance to remain a critical service in the maritime industry now that the Philippines is touted as among the top 5 emerging economies in Asia in the next ten years. Our capabilities and strategic deployment of our tugboats have put us in a prime position as the government moves to stimulate development outside of Manila. With our 45 tug boats in 16 base ports and 80 sub ports in the country coupled with our new approach of building



alliances with some of our competitors, we are confident that our harbor assist business will continue to grow and spearhead our diverse service lines.

We look forward to the government finally fully implementing their Build-Build-Build program in the last two years of the Duterte Administration. We remain optimistic with the potential of our Diving Marine and Maritime Construction Department to be a major contributor to the Company's revenues. Our assets and personnel are custom fit to address the requirements of the reclamation projects and marine infrastructure of both the public and private sector.

We continue to build on our salvage and oil spill response assets, skills and capabilities. Our readiness and expertise to save ships or respond to oil spills often provide a fortuitous revenue boost.

We remain bullish with our international operations. Our South East Asian neighbors are slowly recognizing our expertise in maritime services by allowing us to participate in more biddings to service their terminals.

While our General Santos Solar project did not get off on the right foot, we are mindful that only 50 hectares of our 150 hectares property in General Santos City is utilized for our solar farm. Also, our 4-hectare Lemery, Batangas property is now primed for business activity as we have been issued the critical Department of Environment and Natural Resources permits to commercially use the said property and an additional 3-hectare foreshore area.

We are confident that Harbor Star will be able to face the challenges ahead and surpass recent setbacks. With the continued support of our shareholders, partners, customers, dedicated employees and crew, directors and other stakeholders, we are assured that we can make Harbor Star great again.

Thank you and stay safe! Now I would like to call our treasurer Mr Dany Uson to report our 1st half updates.



1st Half Updates for 2020
Annual Stockholders' Meeting 2020

Good morning ladies and gentlemen. The year 2020 is full of challenges for the shipping industry. The cost of doing business is soaring, our Company is facing stiffer competition and ship arrivals has started to decrease. Then, we find ourselves in the middle of a worldwide pandemic, an event that we never prepared for nor anticipated to happen bringing even the most profitable companies to financial precarity. In spite of all these, Harbor Star has maintained its leadership in the integrated maritime services sector through its diverse assets, skilled personnel and best-in-class services.

In the 1st quarter of 2020, the Company posted a net service income of P371 million or a 36% increase compared to 2019's P272 million of the same period. This is due to regular revenue sources such as harbor assistance increasing by 8.28%, lighterage by 20.93%, and towing by 381.13%. Other marine services increased by 111.94% which can be attributed to the dredging contract entered by the Company with Tefasco Pier, a Port at Davao. We also posted a revenue of P49.15 million on power generation at Santos Solar Power Plant.

In the 2nd quarter of 2020, the Company posted a much lower net service income of P354 million or 13% decrease compared to 2019's P405 million of the same period. The decrease in income is due to regular revenue sources negatively affected by the lockdown caused by the pandemic. Towing and other marine services had to delay its operation while feeder services had totally stopped its operations due to the lack of cargo coming in at the Cavite port. Harbor Assist posted a decrease of 12% in revenue, a striking contrast to its strong start in the 1st quarter due to the international shipping lines decreasing their vessel calls and consolidating their calls with other shipping lines. Towing and other marine services had to delay its operation due to clients' stoppage of production and construction projects resulting to cancellation of some invoices and billings. This cancellation led to the adjustments of previously recognized revenues. Lighterage services were not affected as these are contracted services and were not suspended. To cope up with the decrease of revenue the company pursued other revenue activities such as ship chandling services. Company also focused on costs reduction measures to augment the decrease in revenues.

In the 1st half of 2020, the Company posted a net service income of P726 million or 7% increase compared to 2019's P678 million of the same period. Despite the pandemic, Harbor Star has shown better results compared to the six-months operation of 2019. This is due to the strong performance of the Company on the first quarter which we expect to continue once the pandemic is over.

The increase in revenue is largely due to the P139 million revenue generated by Santos Solar Power Plant, without increasing its cost of services and even decreasing its general administrative expenses by 22%. Thank you to the efforts of budget committee in trimming down the financial fat. Other expenses also decreased by 5% and all these efforts significantly reduced the Company's losses by 90% from P93.10 million loss in 2019 to P9.27 million loss in 2020 of the same period.



For the 1st half of 2020 our total assets have increased by 22 million while our total liabilities surged by P400 million due to the increase of trades and other payables. Stockholders equity also decreased due to lower retained earnings while our book value per share decreased by 24% from 1.82 in 2019 to 1.38 in 2020.

We want to assure our stakeholders that Harbor Star will continue to be committed in maintaining our position as a leader in the industry by placing the utmost importance on excellence and quality service. To adapt with the current situation of the industry the Company would not pursue any business activity or endeavor that would require substantial funding or long return of investments. Activities will be focused on lowering costs and strengthening ties with customers and other stakeholders. But we will continue to look for opportunities that will increase revenue without need of further capital expenditures. The Company intends to be aggressive in improving its services which is in line with its vision to be the leading marine services provider in the Philippines.