

HANDAL RESOURCES BERHAD (816839-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2018

| | Individual Quarter | | Cumulative Period | |
|---|------------------------|--------------------------------------|------------------------|-------------------------------------|
| | Current Quarter ended | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
| | 30 June 2018 RM'000 | 30 June 2017 RM'000 | 30 June 2018 RM'000 | 30 June 2017 RM'000 |
| Revenue | 14,981 | 11,912 | 29,088 | 26,238 |
| Cost of sales | (8,360) | (6,422) | (16,498) | (13,632) |
| Gross profit | 6,621 | 5,490 | 12,590 | 12,606 |
| Other operating income | 530 | 260 | 717 | 622 |
| Administration and other operating expenses | (6,277) | (6,084) | (12,196) | (11,492) |
| Depreciation and amortisation cost | (702) | (684) | (1,400) | (1,367) |
| Finance costs | (433) | (376) | (907) | (792) |
| (Loss)/Profit before taxation | (261) | (1,394) | (1,196) | (423) |
| Income tax expense | 32 | 98 | - | (214) |
| (Loss)/Profit after tax for the period | (229) | (1,296) | (1,196) | (637) |
| Other comprehensive income | - | - | - | - |
| Total other comprehensive income | - | - | - | - |
| Total comprehensive (loss)/profit for the period | (229) | (1,296) | (1,196) | (637) |
| Profit attributable to: | | | | |
| Equity holders of the parent | (984) | (1,295) | (1,943) | (636) |
| Non-controlling Interest | 755 | (1) | 747 | (1) |
| Total comprehensive (loss)/profit for the period | (229) | (1,296) | (1,196) | (637) |
| Weighted average no. of ordinary shares in issue ('000) | 159,690 | 159,690 | 159,690 | 159,690 |
| (Loss)/Profit per share - Basic (sen) | (0.62) | (0.81) | (1.22) | (0.40) |

Notes:

- (i) Basic (loss)/earnings per share for the quarter and financial period is calculated based on the net (loss)/profit divided by the weighted average number of ordinary shares for the quarter and financial period respectively.
- (ii) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes attached to this quarterly financial report.

HANDAL RESOURCES BERHAD (816839-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

| | Unaudited As at 30 June 2018 RM'000 | Audited As at 31 December 2017 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 25,641 | 29,294 |
| Intangible asset | 8,680 | 8,680 |
| Goodwill arising on consolidation (Note II) | 4,334 | - |
| | 38,655 | 37,974 |
| Current Assets | | |
| Inventories | 11,588 | 11,664 |
| Work-in-progress | 2,477 | 1,782 |
| Trade receivables (Note III) | 26,232 | 49,712 |
| Amount due by customers for contract works | 3,688 | 1,704 |
| Other receivables, deposits & prepayment | 1,827 | 491 |
| Financial assets held for trading | 13,215 | 7,024 |
| Short term investment | 35 | 80 |
| Fixed deposits with licensed banks | 13,120 | 12,932 |
| Cash on hand and at bank | 5,333 | 988 |
| Tax recoverable | 32 | - |
| Asset held for sale | 10,186 | 10,186 |
| | 87,733 | 96,563 |
| Total Assets | 126,388 | 134,537 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 80,029 | 80,029 |
| Treasury shares | (72) | (72) |
| Reserves | 14,432 | 16,375 |
| Shareholders' Fund | 94,389 | 96,332 |
| Minority Interests | 1,470 | (13) |
| Total equity | 95,859 | 96,319 |
| Non-current liabilities | | |
| Hire purchase creditors | 320 | 419 |
| Long term borrowings | - | - |
| Deferred taxation | 3,849 | 3,849 |
| | 4,169 | 4,268 |
| Current Liabilities | | |
| Trade payables | 4,040 | 2,792 |
| Other payables and accruals | 4,483 | 2,937 |
| Hire purchase creditors | 194 | 188 |
| Amount due to customers for contract works | 36 | - |
| Short term borrowings | 16,900 | 26,843 |
| Amount due to a director (Note IV) | - | 366 |
| Tax payables | 707 | 824 |
| | 26,360 | 33,950 |
| Total liabilities | 30,529 | 38,218 |
| Total equity and liabilities | 126,388 | 134,537 |
| Notes: | | |
| ordinary equity holders of the Company (RM) | 0.59 | 0.60 |

Notes:

- (I) The Condensed Consolidated Statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes attached to this quarterly financial report.
- (II) Goodwill on consolidation - arise from surplus of purchase consideration from acquisition of a subsidiary over the fair value of the net assets of the said subsidiary.
- (III) Trade Receivable consist of Trade Debtors RM14.06 million (FYE17: RM21.74 million) and Accrued Revenue RM12.17 million (FYE17: RM27.97 million).
- (IV) The amount owing to a director is unsecured, interest-free and repayable on demand.



HANDAL RESOURCES BERHAD (816839-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2018

| | Attributable to equity holders of the Company | | | | | | |
|--|---|---------------|-----------------|------------------|--------------------|---------------------------|--------------|
| | Share Capital | Share Premium | Treasury Shares | Retained Profits | Shareholders' Fund | Non- controlling Interest | Total Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 Jan 2018 | 80,029 | - | (72) | 16,375 | 96,332 | (13) | 96,319 |
| Total comprehensive loss for the quarter | - | - | - | (1,943) | (1,943) | 1,483 | (460) |
| Balance as at 30 June 2018 | 80,029 | - | (72) | 14,432 | 94,389 | 1,470 | 95,859 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes attached to this quarterly financial report.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

| | Current Year To Date 30 June 2018 RM'000 | Preceding Year Corresponding Period 30 June 2017 RM'000 |
|---|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit before taxation | (1,196) | (423) |
| Adjustments for Non Cash items | 289 | 1,796 |
| Operating profit before working capital changes | (907) | 1,373 |
| Decrease/(Increase) in inventories | 76 | (306) |
| Decrease/(Increase) in work-in-progress | (643) | (1,949) |
| Decrease/(Increase) in trade receivables | 22,145 | 2,095 |
| Decrease/(Increase) in amount due from customers for contract works | (1,984) | 1,152 |
| (Decrease)/Increase in payables | 3,633 | (968) |
| (Decrease)/Increase in amount due to customers for contract works | 36 | - |
| Cash generated from operations | 22,355 | 1,397 |
| Interest paid | (55) | (510) |
| Tax paid | (633) | (878) |
| Tax refunded | - | 150 |
| Net cash generated from operating activities | 21,667 | 159 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Placement of fixed deposits | (188) | (178) |
| Purchase of property, plant and equipment | (415) | (828) |
| Interest received | 230 | 178 |
| Effect of acquisition of a subsidiary, stakeholders fund | 2,550 | - |
| Disposal/(Acquisition) of quoted non-equity investment | (8,580) | 310 |
| Net cash generated from/ (used in) investing activities | (6,403) | (518) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (773) | (258) |
| Drawdown/(Repayment) of term loan | 307 | (1,600) |
| Increase/(Repayment) of hire purchase creditors | (201) | (210) |
| Net increase/(decrease) in bills payable | (754) | (2,135) |
| Purchase of Treasury Shares | - | (25) |
| Net cash used in financing activities | (1,421) | (4,228) |
| Net increase/(decrease) in cash and cash equivalents | 13,843 | (4,587) |
| Currency translation difference | - | - |
| Cash and cash equivalents at beginning of the period | (19,852) | (6,757) |
| Cash and cash equivalents at end of the period | (6,009) | (11,344) |
| Cash and cash equivalents comprises :- | | |
| Short term investment and fixed deposits with licensed banks | 13,201 | 12,809 |
| Cash and bank balances | 5,333 | 3,694 |
| Bank overdraft | (11,423) | (15,117) |
| | 7,111 | 1,386 |
| FD pledged with licenced banks | (13,120) | (12,730) |
| | (6,009) | (11,344) |

Notes:

The Condensed Consolidated Statement of Cashflow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes attached to this quarterly financial report.