



HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD) (816839-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

| | Individual Quarter | | Cumulative Period | |
|---|--|--|--|--|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
| | 1 July 2019 to 30 September 2019 RM'000 | 1 July 2018 to 30 September 2018 RM'000 | 1 July 2019 to 30 September 2019 RM'000 | 1 July 2018 to 30 September 2018 RM'000 |
| | | | | |
| Revenue | 32,328 | 11,508 | 32,328 | N/A |
| Cost of sales | (22,093) | (9,458) | (22,093) | N/A |
| Gross profit | 10,235 | 2,050 | 10,235 | N/A |
| Other operating income | 100 | 324 | 100 | N/A |
| Administration and other operating expenses | (8,024) | (7,309) | (8,024) | N/A |
| Depreciation and amortisation cost | (660) | (696) | (660) | N/A |
| Finance costs | (406) | (411) | (406) | N/A |
| Gain on disposal of a subsidiary | 1,933 | - | 1,933 | N/A |
| Profit/(Loss) before taxation | 3,178 | (6,042) | 3,178 | N/A |
| Income tax expense | - | 33 | - | N/A |
| Profit/(Loss) after tax for the period | 3,178 | (6,009) | 3,178 | N/A |
| Other comprehensive income | - | - | - | N/A |
| Total other comprehensive income | - | - | - | N/A |
| Total comprehensive profit/(loss) for the period | 3,178 | (6,009) | 3,178 | N/A |
| Profit attributable to: | | | | |
| Equity holders of the parent | 1,407 | (4,418) | 1,407 | N/A |
| Non-controlling Interest | 1,771 | (1,591) | 1,771 | N/A |
| Total comprehensive profit/(loss) for the period | 3,178 | (6,009) | 3,178 | N/A |
| Weighted average no. of ordinary shares in issue ('000) | 218,516 | 159,690 | 218,516 | N/A |
| Earning/(Loss) per share - Basic (sen) | 1.45 | (3.76) | 1.45 | N/A |
| Earning/(Loss) per share - Diluted (sen) | 1.45 | (3.76) | 1.45 | N/A |

Notes:

- (i) Basic/Diluted earning/(loss) per share for the quarter and financial period is calculated based on the net profit/(loss) 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 30 June 2019 and the accompanying notes attached to this quarterly financial report
- (iii) In view of change in financial year end in previous year, there were no comparative financial information available for the 3-month financial period 30 September 2018

HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD) (816839-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

| | Unaudited As at 30 September 2019 RM'000 | Audited As at 30 June 2019 RM'000 |
|---|---|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 39,538 | 29,109 |
| Intangible asset | 8,680 | 8,680 |
| Goodwill arising on consolidation (Note II) | 24,123 | 2,230 |
| | 72,341 | 40,019 |
| Current Assets | | |
| Inventories | 10,204 | 10,027 |
| Work-in-progress | 89 | 88 |
| Trade receivables (Note III) | 28,423 | 17,690 |
| Amount due by customers for contract works | 27,920 | 4,736 |
| Other receivables, deposits & prepayment | 2,882 | 2,574 |
| Financial assets held for trading | 97 | 4,837 |
| Short term investment | 85 | 84 |
| Fixed deposits with licensed banks | 19,189 | 13,495 |
| Cash in hand and at bank | 10,444 | 5,317 |
| Tax recoverable | 527 | 527 |
| Assets classified as held for sale | - | 2,360 |
| | 99,860 | 61,734 |
| Total Assets | 172,201 | 101,753 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 100,469 | 84,999 |
| Irredeemable Convertible Preference Shares (ICPS) | 9,408 | - |
| Treasury shares | (72) | (72) |
| Reserves | (6,532) | (7,939) |
| Shareholders' Fund | 103,273 | 76,987 |
| Minority Interests | 8,110 | 1,021 |
| Total equity | 111,383 | 78,009 |
| Non-current liabilities | | |
| Hire purchase creditors | 735 | 604 |
| Deferred taxation | 2,747 | 2,700 |
| | 3,482 | 3,305 |
| Current Liabilities | | |
| Trade payables | 25,625 | 2,666 |
| Other payables and accruals | 6,951 | 4,730 |
| Hire purchase creditors | 393 | 333 |
| Short term borrowings | 23,532 | 12,376 |
| Amount due to a director (Note IV) | 248 | - |
| Tax payables | 587 | - |
| Liabilities classified as held for sale | - | 336 |
| | 57,336 | 20,440 |
| Total liabilities | 60,818 | 23,745 |
| Total equity and liabilities | 172,201 | 101,753 |
| Notes: | | |
| Net Assets Per Share Attributable to ordinary equity holders of the Company | 0.47 | 0.44 |

Notes:

- (I) The Condensed Consolidated Statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 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 Receivable RM14.76 million (FYE19: RM11.32 million) and Contract Assets RM13.66 million (FYE19: RM6.37 million).
- (IV) The amount owing to a director is unsecured, interest-free and repayable on demand.



HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD) (816839-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019**

| | Attributable to equity holders of the Company | | | | | | |
|---|---|--------------|-----------------|--|--------------------|------------------------------|----------------|
| | Share Capital | ICPS | Treasury Shares | Retained Profits/ (Accumulated Losses) | 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 July 2019 | 84,999 | - | (72) | (7,939) | 76,988 | 1,021 | 78,010 |
| Issue of new shares for the Acquisition of Borneo SeaOffshore Engineering Sdn Bhd | 15,857 | 9,643 | - | - | 25,500 | 1,340 | 26,840 |
| Expenses arising from the Acquisition | (387) | (235) | - | - | (622) | - | (622) |
| Total comprehensive profit/(loss) for the quarter | - | - | - | 1,407 | 1,407 | 1,771 | 3,178 |
| Non-controlling interest arising on business combination | - | - | - | - | - | 3,977 | 3,977 |
| Balance as at 30 September 2019 | 100,469 | 9,408 | (72) | (6,532) | 103,273 | 8,110 | 111,383 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying notes attached to this quarterly financial report.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019**

| | Current Year To Date 1 July 2019 to 30 September 2019 RM'000 | Preceding Year Corresponding Period 1 July 2018 to 30 September 2018 RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before taxation | 3,178 | (7,238) |
| Adjustments for Non Cash items | (926) | (1,811) |
| Operating profit/(loss) before working capital changes | 2,252 | (9,049) |
| Decrease/(Increase) in inventories | (177) | 597 |
| Decrease/(Increase) in work-in-progress | (1) | (602) |
| Decrease/(Increase) in trade and other receivables | (6,574) | 20,733 |
| Decrease/(Increase) in amount due from customers for contract works | 268 | (4,266) |
| (Decrease)/Increase in trade and other payables | (2,101) | 5,299 |
| Cash (used in)/generated from operations | (6,333) | 12,712 |
| Interest received | (32) | (55) |
| Tax paid | (206) | (1,012) |
| Net cash (used in)/generated from operating activities | (6,571) | 11,645 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Placement of fixed deposits | (1,578) | (284) |
| Purchase of property, plant and equipment | (246) | (1,278) |
| Construction of property, plant and equipment in progress | (4,584) | - |
| Interest received | 32 | 231 |
| Effect of acquisition of a subsidiary | 5,383 | 2,550 |
| Disposal/(placement) of financial assets held for trading | 4,800 | (5,980) |
| Proceeds from disposal of non-current assets held for sale | 1,956 | - |
| Proceeds from disposal of property, plant and equipment | - | 62 |
| Net cash generated from/ (used in) investing activities | 5,763 | (4,699) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (405) | (773) |
| Drawdown/(Repayment) of term loan | - | (1,244) |
| Increase/(Repayment) of hire purchase creditors | (98) | (139) |
| Net increase/(decrease) in bills payable | 3,663 | 1,720 |
| Decrease in advances from a director | (650) | - |
| Net cash from/(used in) financing activities | 2,510 | (436) |
| Net increase/(decrease) in cash and cash equivalents | 1,702 | 6,510 |
| Cash and cash equivalents at beginning of the period | (5,884) | (19,852) |
| Cash and cash equivalents at end of the period | (4,182) | (13,342) |
| Cash and cash equivalents comprises :- | | |
| Short term investment and fixed deposits with licensed banks | 19,274 | 13,298 |
| Cash and bank balances | 10,444 | 3,548 |
| Bank overdraft | (14,711) | (16,972) |
| | 15,007 | (126) |
| Fixed deposits pledged with licenced banks | (19,189) | (13,216) |
| | (4,182) | (13,342) |

Notes:

- (i) The Condensed Consolidated Statement of Cashflow should be read in conjunction with the audited financial statements for the financial year ended 30 June and the accompanying notes attached to this quarterly financial report 2019

**HANDAL ENERGY BERHAD
(FORMERLY KNOWN AS HANDAL RESOURCES BERHAD)
(816839-X)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2019**

**NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FIRST
QUARTER ENDED 30 SEPTEMBER 2019**

A1. Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of the amendments to MFRSs as disclosed in Note A2.

A2. Application of Amendments to MFRSs

During the financial year, the Group and the Company have applied the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 July 2019 :-

- MFRS 16, "Leases"
- Amendments to MFRS 3, "Business Combination"(Annual improvements to 2015-2017 Cycle)
- Amendments to MFRS 9, "Prepayment Features with Negative Compensation"
- Amendments to MFRS 11, "Joint Arrangement"(Annual improvements to 2015-2017 Cycle)
- Amendments to MFRS 112, "Income taxes"(Annual improvements to 2015-2017 Cycle)
- Amendments to MFRS 119, "Employee Benefits"(Plan amendment, curtailment or settlement)
- Amendments to MFRS 123, "Borrowing Costs"(Annual improvements to 2015-2017 Cycle)
- Amendments to MFRS 128, "Long-term Interests in Associates and Joint Ventures"
- IC Interpretation 23, "Uncertainty over Income Tax Treatments"

The application of the Amendments has no significant impact on the Group's and on the Company's financial statements.

A3. New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue And Take Effective and Have Been Adopted

Effective for annual periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards:

- Amendments to MFRS 2, "Share Based Payments"
- Amendments to MFRS 3, "Business Combinations"
- Amendments to MFRS 6, "Exploration for and Evaluation of Mineral Resources"
- Amendments to MFRS 7, "Financial Instruments: Disclosures"
- Amendments to MFRS 9, "Financial Instruments"

**HANDAL ENERGY BERHAD
(FORMERLY KNOWN AS HANDAL RESOURCES BERHAD)
(816839-X)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2019**

- Amendments to MFRS 14, “Regulatory Deferral Accounts”
- Amendments to MFRS 101, “Presentation of Financial Statements”
- Amendments to MFRS 108, “Accounting Policies, Changes in Accounting Estimates and Errors”
- Amendments to MFRS 139, “Financial Instruments: Recognition and Measurement”

Effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

The Group and the Company will apply the above new MFRSs, IC Interpretation and amendments to MFRSs that are applicable once they become effective. Their main features are summarised below.

A3.1 Effective for annual periods beginning on or after 1 January 2019

MFRS 16, Leases

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its balance sheet as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its balance sheet are expected to increase substantially.

The financial effects arising from the application of this Standard is not significant.

A4. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the preceding audited financial statements of the Company and its subsidiaries for the financial period ended 30 June 2019 did not contain any qualification.

A5. Items of Unusual Nature

There were no items affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual because of their nature, size or incidence for the financial quarter under review.

A6. Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter.

**HANDAL ENERGY BERHAD
(FORMERLY KNOWN AS HANDAL RESOURCES BERHAD)
(816839-X)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2019**

A7. Changes in Debt and Equity Securities

Saved as disclosed below, there were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter under review.

On 13 August 2019, the Company had announced that all conditions precedent pursuant to the share sale agreement for the acquisition of 51% equity interest in Borneo Seaoffshore Engineering Sdn Bhd ("BSOE") from Seaoffshore Capital Sdn Bhd have been fulfilled and 42,857,100 new ordinary shares and 26,061,819 irredeemable convertible preference shares ("ICPS") had been issued and allotted on 9 August 2019. The 42,857,100 Consideration Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m. on 13 August 2019.

A8. Dividend Paid and Distributed

There were no dividends paid in the current period.

A9. Segmental Information

The Group is organized into the following operating segments:-

- a) Integrated crane services contracts ("Integrated Crane Services");
- b) Manufacturing and fabrication of new offshore pedestal cranes ("Fabrication of Cranes");
- c) Workover Projects Lifting Solutions;
- d) Manpower Services;
- e) Supply, Fabrication & Servicing Industrial Equipments & Tank Systems;
- f) Consultants in Engineering Project Support Services;
- g) Fabrication work and machining; and
- h) Provision of maintenance & services for risers and pipeline isolation.

HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD)
(816839-X)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

| Period ended 30 June 2019 | Investment holding | Integrated crane services | Fabrication of cranes | Workover projects lifting solutions | Machining & Fabrication work | Supply, fabrication & servicing industrial equipments & tank systems | Consultants In Engineering project support services | Provision of maintenance & services for risers and pipeline isolation | Eliminations | Consolidated |
|---|--------------------|---------------------------|-----------------------|-------------------------------------|------------------------------|--|---|---|-----------------|----------------|
| | RM' 000 | RM' 000 | RM' 000 | RM' 000 | RM' 000 | RM' 000 | RM' 000 | RM' 000 | RM' 000 | RM' 000 |
| Revenue | | | | | | | | | | |
| Revenue from external parties | - | 10,791 | 1,828 | 2,902 | 47 | 63 | - | 25,365 | (8,668) | 32,328 |
| Inter-segment revenue | - | - | - | - | 72 | - | - | - | (72) | - |
| Total revenue | - | 10,791 | 1,828 | 2,902 | 119 | 63 | - | 25,365 | (8,740) | 32,328 |
| Results | | | | | | | | | | |
| Gross Profit | - | 3,696 | (292) | 1,936 | 32 | 6 | - | 6,638 | (1,781) | 10,235 |
| GP Margin | - | 34% | -16% | 67% | 27% | 9% | - | 26% | | |
| Other operating income | | | | | | | | | | 100 |
| Administration & Other operation expenses | | | | | | | | | | (8,024) |
| Depreciation & amortization | | | | | | | | | | (660) |
| Finance cost | | | | | | | | | | (406) |
| Gain on disposal of a subsidiary | | | | | | | | | | 1,933 |
| Profit before tax | | | | | | | | | | 3,178 |
| Taxation | | | | | | | | | | - |
| Profit after tax | | | | | | | | | | 3,178 |
| Assets | | | | | | | | | | |
| Segment assets | 90,423 | 63,540 | 19,113 | 8,708 | 852 | 1,093 | 397 | 42,480 | (54,605) | 172,001 |
| Liabilities | | | | | | | | | | |
| Segment liabilities | 10,134 | 22,518 | 6,585 | 3,000 | 63 | 1,978 | 2,421 | 36,114 | (22,194) | 60,618 |



HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD) (816839-X)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2019**

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter.

A11. Capital Commitments

Capital commitments authorised but not provided for in the financial statements are as follows:

As at
30 September 2019
RM'000

Property, plant and equipment

- Authorised but not provided for

103,646

A12. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the period reported.

A13. Changes in composition of the Group

Saved as disclosed belows, there were no changes in composition of the Group for the financial quarter under review.

The Company had on 8 July 2019 incorporated two new wholly-owned subsidiaries, namely Handal Oceans Assets Sdn Bhd and Calm Oceans Sdn Bhd.

A14. Contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

A15. Significant Related Party Transactions

The Group had the following transactions during the current financial quarter with related parties in which a director of the Group has substantial financial interest :-

| Name of Related Parties | Nature of Transaction | Amount of Transaction (RM'000) |
|--|---|--------------------------------|
| Thrustbar Resources Sdn Bhd ("Thrustbar") | Provision of pipeline pumping services from Thrustbar to BSOE | 1,992 |
| Borneo Seaoffshore Resources Sdn Bhd ("BSO Resources") | Rental of equipment from BSO Resources to BSOE | 669 |



HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD) (816839-X)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2019**

NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

B1. Review Of Performance Of The Group - Period ended 30 September 2019

(a) Current Quarter (Q1 2020) vs Preceding Year Corresponding Quarter (Q3 2018)

| | Individual Period (1st quarter) | | Variance | |
|---------------------------------------|------------------------------------|--|----------|-------|
| | Current Quarter | Preceding Year Corresponding Quarter | | |
| | 30 September 2019 | 30 September 2018 | RM' 000 | % |
| | RM' 000 | RM' 000 | RM' 000 | % |
| Revenue | 32,328 | 11,508 | 20,820 | 181 |
| Gross Profits | 10,235 | 2,050 | 8,185 | 399 |
| Profit/(Loss) Before Interest and Tax | 3,584 | (5,631) | 9,215 | (164) |
| Profit/(Loss) Before Tax | 3,178 | (6,042) | 9,220 | (153) |
| Profit/(Loss) After Tax | 3,178 | (6,009) | 9,187 | (153) |

For the current quarter, the Group posted a profit after tax of RM3.2 million. This is mainly due to revenue contribution from the completion of the acquisition of Borneo Seaoffshore Engineering Sdn Bhd ("BSOE") and gain on disposal of a subsidiary in the current quarter.

Performance of the respective operating business segments for the 1st Quarter 2020 is analysed as follows:-

1) Integrated Crane Services

The revenue of this business segment for maintenance and overhaul jobs completed has increased from RM5.4 million in previous year corresponding quarter to RM10.8 million. The gross profit margin has also increased from 8% in previous year corresponding quarter to 34% due to operational efficiency.



HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD) (816839-X)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2019**

2) Fabrication of Cranes

The revenue of this business segment is recognized based on the percentage (%) completion method and RM1.8 million was reported in the current quarter as compared to RM2.3 million in the previous year corresponding quarter .

3) Workover Project Lifting Solutions

The business segment reported a revenue of RM2.9 million during the current quarter as compared to RM2.8 million in the previous year corresponding quarter and recorded an overall gross profit margin of 67% during the current quarter.

4) Supply, Fabrication & Servicing of Industrial Equipments & Tank Systems

This business segment reported a revenue of RM0.06 million during the quarter as compared to RM0.2 million in the previous year corresponding quarter and recorded an overall gross profit margin of 9% during the current quarter.

5) Provision of maintenance & services for risers and pipeline isolation

This new business segment reported a revenue of RM25.4 million and recorded an overall gross profit margin of 26% during the current quarter.

(b) Current Year to Date vs. Preceding Year

| | Cumulative Period | | Variance | |
|---------------------------------------|-------------------------|-----------------------------|----------|-----|
| | Cumulative Year to Date | Preceding Year Period ended | | |
| | 30 September 2019 | 30 September 2018 | | |
| | RM' 000 | RM' 000 | RM' 000 | % |
| Revenue | 32,328 | - | 32,328 | 100 |
| Gross Profits | 10,235 | - | 10,235 | 100 |
| Profit/(Loss) Before Interest and Tax | 3,584 | - | 3,584 | 100 |
| Profit/(Loss) Before Tax | 3,178 | - | 3,178 | 100 |
| Profit/(Loss) After Tax | 3,178 | - | 3,178 | 100 |

The Group recorded a profit after tax of RM3.2 million for the period ended 30 September 2019. An overall gross profit margin of 31.7% was reported in the current period.

The overall administration & other operating expenses was approximately RM8.0 million for the period ended 30 September 2019.



HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD) (816839-X)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2019**

The performance of the respective operating business segments for period ended 30 September 2019 as compared to the preceding year is analysed as follows:-

1) Integrated Crane Services

The business segment reported revenue of RM10.8 million for the period ended 30 September 2019 with the gross profit margin of 34%.

2) Fabrication of Cranes

The revenue of this business segment is recognized based on the percentage (%) of completion method. The business segment reported a revenue of RM1.8 million for the period ended 30 September 2019.

3) Workover Project Lifting Solutions

The business segment reported a revenue of RM2.9 million for the period ended 30 September 2019.

The business segment also reported a gross profit margin of 67% for the period ended 30 September 2019.

4) Supply, Fabrication & Servicing of Industrial Equipments & Tank Systems

The business segment reported a revenue of RM0.06 million for the period ended 30 September 2019, which is due to the lower call-outs by clients and thus lower maintenance works carried out.

The gross profit margin of 9% due to the fixed rate agreed upon in the contract.

6) Provision of maintenance & services for risers and pipeline isolation

This new business segment reported a revenue of RM25.4 million and recorded an overall gross profit margin of 26% during the current quarter.



HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD) (816839-X)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2019**

B2. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter

| | Current Quarter | Immediate Preceding Quarter | Variance | |
|---------------------------------------|-------------------|-----------------------------|----------|------|
| | 30 September 2019 | 30 June 2019 | RM' 000 | % |
| | RM' 000 | RM' 000 | RM' 000 | % |
| Revenue | 32,328 | 16,482 | 15,846 | 96 |
| Gross Profits | 10,235 | 6,791 | 3,444 | 51 |
| Profit/(Loss) Before Interest and Tax | 3,584 | (13,063) | 16,647 | -127 |
| Profit/(Loss) Before Tax | 3,178 | (13,413) | 16,591 | -124 |
| Profit/(Loss) After Tax | 3,178 | (13,488) | 16,666 | -124 |

During the current quarter, the Group recorded a profit after tax of RM3.2 million as compared to a loss after tax of RM13.5 million in the preceding quarter. There is additional revenue of RM16.6 million reported during the current quarter due to the completion of BSOE acquisition. In addition, there is no impairment loss reported in the current quarter as compared to the immediate preceding quarter, where the Company recognized an impairment loss of oil rig and impairment loss of goodwill amounted to RM9.6 million and RM2.1 million respectively.

B3. Prospects

The Group has an outstanding orderbook of approximately RM710.6 million (as at 31 October 2019) which comprise the Integrated Crane Services and Fabrication of Cranes business segment, the Provision of Water Injection Module (WIM) Supply on Mobile Offshore Unit for Mobile Water Injection Facilities together with the provision of maintenance & services for risers and pipeline isolation. This is sufficient to keep Group occupied and self-sustaining while the management continues the turnaround plan for the Group.

The implementation of a four (4) year turnaround plan is essentially built around three core pillars; (i) strengthening the core crane maintenance business (ii) geographic diversification of crane maintenance business and (iii) diversification of earnings base into related business in the oil & gas industry. The management have also put in place several core improvements to support the future growth and to preserve sustainable gross margins for the Group which includes improvements and efficiencies in the cost and process management, enhancing the Company's capital base as well as placing priority in the development of talent within the Group.

These measures are not only expected to bring positive impact to the Group's financial position moving forward, but also to supporting a dynamic working culture and environment at Handal. Barring any unforeseen circumstances, the Board remains optimistic on the medium-term prospect of the Group.

HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD) (816839-X)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2019

B4. Profit Forecast

The Group has not issued any profit forecast for the current financial period.

B5. Taxation

| | Current quarter ended 30 September 2019 RM' 000 | For the period ended 30 September 2019 RM' 000 |
|--------------|---|--|
| Current tax | - | - |
| Deferred tax | - | - |
| | - | - |

B6. Status of Corporate Proposals

There was no corporate proposal announced for the current reporting quarter.

B7. Group Borrowings and Debt Securities

The Group's borrowings, all of which are secured, are as follows:

| | As at 30 September 2019 <u>RM'000</u> | As at 30 June 2019 <u>RM'000</u> |
|--|--|---|
| Short term borrowings- Secured | | |
| Bank overdrafts | 14,711 | 11,285 |
| Bankers' acceptances/Invoice Financing (IVF) | 8,821 | 1,091 |
| Hire Purchase liabilities | 393 | 333 |
| | 23,925 | 12,708 |
| Long term borrowings- Secured | | |
| Hire Purchase liabilities | 735 | 604 |
| | 735 | 604 |
| Total Borrowings | 24,659 | 13,313 |

B8. Material Litigation

There is no other material litigation as at the date of issuance of this quarterly report.



HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD) (816839-X)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
 30 SEPTEMBER 2019**

B9. Earnings/ (Loss) Per Share

| | Individual Period | | Cumulative Quarter | |
|---|--|--|--|---|
| | Current Quarter Ended 30- September-19 RM'000 | Corresponding Quarter Ended 30- September-18 RM'000 | Cumulative Year To Date 30- September-19 RM'000 | Corresponding Year To Date 30- September-18 RM'000 |
| BASIC EARNINGS PER SHARE | | | | |
| Profit/(Loss) for the period attributable to ordinary equity holders of the company | 3,178 | (6,009) | 3,178 | N/A |
| Weighted average number of ordinary shares in issue ('000) | 218,516 | 159,690 | 218,516 | N/A |
| Basic earning/(loss) per share (sen) | 1.45 | (3.76) | 1.45 | N/A |

B10. Profit/ (Loss) before Taxation

Profit/ (Loss) before taxation is arrived at after crediting/ (charging) the following incomes/ (expenses):

| | Current Quarter ended 30 September 2019 RM'000 | Cumulative Quarter ended 30 September 2019 RM'000 |
|--|---|--|
| - Interest Income | 32 | 32 |
| - Foreign exchange gain/(loss) | (1) | (1) |
| - Fair value changes on financial asset at fair value through profit or loss | 60 | 60 |
| - Depreciation and amortization | (660) | (660) |
| - Property Plant & Equipment written off | (3) | (3) |

B11. Dividends

Dividends have not been recommended for the current quarter ended 30 September 2019.



HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD) (816839-X)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2019**

B12. Trade Receivables

The analysis of the Group's trade receivables are as follows:

| | As at 30 September 2019 RM'000 | As at 30 June 2019 RM'000 |
|---|--------------------------------------|---------------------------------|
| Neither past due nor impaired | 17,060 | 10,851 |
| 1 to 30 days past due not impaired | 8,983 | 2,689 |
| 31 to 60 days past due not impaired | 214 | 306 |
| 61 to 90 days past due not impaired | 210 | 1,287 |
| More than 90 days past due not impaired | 1,956 | 2,556 |
| | 11,363 | 6,839 |
| Past due and impaired | - | - |
| | 28,423 | 17,690 |
| Less: Impairment losses | - | - |
| | 28,423 | 17,690 |

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM11.4 million (30 June 2019: RM6.8 million) that are past due at the reporting date but not impaired. These are unsecured in nature.

Subsequent to the current reporting quarter, the Group has collected RM6.6 million from these outstanding trade receivables based on the latest practical date of 31 October 2019.



HANDAL ENERGY BERHAD
(formerly known as HANDAL RESOURCES BERHAD) (816839-X)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2019**

B13. Realised and Unrealised Profits/(Losses) Disclosure

The retained profits as at 30 September 2019 analysed as follows:-

| | As At End of Current Quarter |
|--|---------------------------------|
| | 30/9/2019 |
| | RM'000 |
| Total retained profits of the Company and the subsidiaries:- | |
| - Realised | 15,188 |
| - Unrealised | <u>(2,862)</u> |
| | 12,326 |
| Less: Consolidation adjustment | <u>(18,858)</u> |
| Total group retained profits as per consolidated income statements | <u><u>(6,532)</u></u> |