

**HANDAL ENERGY BERHAD**  
(formerly known as HANDAL RESOURCES BERHAD)  
(New Company Registration No. 200801015549 (816839-X))  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FOURTH QUARTER ENDED 30 JUNE 2020**

	Individual Quarter		Cumulative Period	
	Current Year Quarter 1 April 2020 to 30 June 2020 RM'000	Preceding Year Corresponding 1 April 2019 to 30 June 2019 RM'000	Current Year To Date 1 July 2019 to 30 June 2020 RM'000	Preceding Year 1 July 2018 to 30 June 2019 RM'000 (Note 1)
<b>Revenue</b>	16,022	16,482	87,344	N/A
Cost of sales and services	(16,788)	(9,691)	(67,338)	N/A
<b>Gross profit</b>	(766)	6,791	20,006	N/A
Other operating income	212	(2)	954	N/A
Administration and other operating expenses	(5,830)	(19,208)	(32,348)	N/A
Depreciation	(1,482)	(644)	(3,561)	N/A
Finance costs	(661)	(350)	(2,119)	N/A
Share of results in joint venture	(139)	-	(139)	N/A
Impairment loss on trade receivables	(425)	-	(425)	N/A
Impairment loss on investment in joint venture	(10,608)	-	(10,608)	N/A
Gain on disposal of a subsidiary (Note 2)	-	-	1,933	N/A
<b>Loss before taxation</b>	(19,699)	(13,413)	(26,307)	N/A
Income tax expense	21	(75)	(43)	N/A
<b>Loss after tax for the period</b>	(19,678)	<b>(13,488)</b>	<b>(26,350)</b>	N/A
<b>Other comprehensive income</b>	-	-	-	N/A
<b>Total other comprehensive income</b>	-	-	-	N/A
<b>Total comprehensive loss for the period</b>	(19,678)	<b>(13,488)</b>	<b>(26,350)</b>	N/A
<b>Total comprehensive loss attributable to:</b>				
Equity holders of the parent	(17,389)	(14,675)	(25,288)	N/A
Non-controlling Interest	(2,289)	1,187	(1,062)	N/A
	(19,678)	<b>(13,488)</b>	<b>(26,350)</b>	<b>N/A</b>
Weighted average no. of ordinary shares in issue ('000) (Note 3)	218,516	175,659	218,516	N/A
Loss per share attributable to Owners of the Company				
- Basic (sen)	(7.96)	(8.35)	(11.57)	N/A
Loss per share - Diluted (sen)	(7.96)	(8.35)	(11.57)	N/A

**Notes:**

- In view of change in financial year end in previous year, there were no comparative financial information available for the 12-month financial period 30 June 2020.
- Gain on disposal of a subsidiary namely Handal Simflexi Sdn Bhd in July 2019.
- Basic/ Diluted earning/ (loss) per share for the quarter and financial period are calculated based on the net profit/(loss) divided by the weighted average number of ordinary shares for the quarter and financial period respectively

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Unaudited As at 30 June 2020 RM'000	Audited As at 30 June 2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	30,827	29,109
Right of Use Assets	664	-
Intangible assets (Note 1)	38,392	10,910
	<u>69,883</u>	<u>40,019</u>
<b>Current Assets</b>		
Inventories	12,787	10,027
Trade receivables	6,728	11,323
Other receivables	1,611	2,574
Contract assets	14,578	11,191
Financial assets at fair value through profit or loss	-	4,836
Tax recoverable	1,129	527
Short term investment	187	-
Fixed deposits with licensed banks	20,086	13,495
Cash in hand and at bank	1,859	5,401
	<u>58,965</u>	<u>59,374</u>
Assets directly associated with non-current assets classified as held-for-sale	-	2,360
	<u>58,965</u>	<u>61,734</u>
<b>Total Assets</b>	<b>128,848</b>	<b>101,753</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	100,468	84,998
Irredeemable Convertible Preference Shares	9,408	-
Treasury shares	(72)	(72)
Accumulated losses	(34,263)	(7,939)
Equity attributable to owners of the Company	75,541	76,987
Non-controlling interests	(7,590)	1,021
<b>Total equity</b>	<u>67,951</u>	<u>78,008</u>
<b>Non-current liabilities</b>		
Hire purchase liabilities	888	604
Lease liabilities	159	-
Deferred taxation	3,015	2,700
	<u>4,062</u>	<u>3,304</u>
<b>Current Liabilities</b>		
Trade payables	22,096	2,666
Other payables	3,780	2,703
Lease liabilities	520	-
Hire purchase liabilities	418	333
Short term borrowings	29,766	12,376
Current tax liabilities	255	-
	<u>56,835</u>	<u>18,078</u>
Liabilities directly associated with non-current assets classified as held-for-sale	-	2,363
	<u>56,835</u>	<u>20,441</u>
<b>Total liabilities</b>	<u>60,897</u>	<u>23,745</u>
<b>Total equity and liabilities</b>	<b>128,848</b>	<b>101,753</b>
Net Assets Per Share attributable to Owners of the Company (RM)	0.35	0.44

**Note**

- Intangible assets include: (i) Intellectual property, and; (ii) Goodwill arising from surplus of purchase consideration from acquisition of subsidiaries over the fair value of the net assets of the said subsidiaries.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE FOURTH QUARTER ENDED 30 JUNE 2020**

	Attributable to equity holders of the Company						Non-controlling Interest	Total Equity
	Non-distributable			Distributable		Total		
	Share Capital	Irredeemable Convertible Preference Shares	Treasury Shares	Accumulated Losses				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>For 12 months ended 30 June 2020</b>								
<b>Balance as at 1 July 2019</b>	84,998	-	(72)	(7,939)	76,987	1,021	78,008	
Issue of new share capital for acquisition of a subsidiary, net of transaction costs	15,470	9,408	-	-	24,878	1,340	26,218	
Total comprehensive loss for the year	-	-	-	(26,350)	(26,350)	(499)	(26,849)	
Acquisition of addition equity interest from non-controlling interest	-	-	-	26	26	(26)	-	
Non-controlling interest arising on business combination	-	-	-	-	-	(9,426)	(9,426)	
<b>Balance as at 30 June 2020</b>	<b>100,468</b>	<b>9,408</b>	<b>(72)</b>	<b>(34,263)</b>	<b>75,541</b>	<b>(7,590)</b>	<b>67,951</b>	

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 JUNE 2020**

	Current Year To Date 1 July 2019 to 30 June 2020 RM'000	Preceding Year Corresponding Period 1 July 2018 to 30 June 2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		(Note 1)
Loss before taxation	(26,307)	-
Adjustments for non-cash items and non-operating items	14,493	-
<b>Operating loss before working capital changes</b>	<b>(11,814)</b>	-
Increase in inventories	(2,760)	-
Decrease in trade and other receivables	28,210	-
Decrease in contract assets	(9,754)	-
Decrease in trade and other payables	(14,517)	-
<b>Cash used in from operations</b>	<b>(10,635)</b>	-
Interest received	395	-
Interest paid	(1,837)	-
Income taxes paid	(1,141)	-
<b>Net cash used in operating activities</b>	<b>(13,218)</b>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to short term investment	(187)	-
Addition to property, plant and equipment	(3,174)	-
Investment in a joint venture company	(5,100)	-
Advances to a joint venture company	(5,647)	-
Proceeds from disposal of property, plant and equipment	23	-
Proceeds from disposal of financial assets measured at fair value through profit or loss	4,896	-
Proceeds from disposal of non-current assets held for sale	3,958	-
Effect of acquisition of a subsidiary	4,063	-
<b>Net cash used in investing activities</b>	<b>(1,168)</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in pledged fixed deposits	(2,559)	-
Proceed from hire purchase creditors	578	-
Repayment to hire purchase creditors	(498)	-
Drawdown from trade financing	25,164	-
Repayment of trade financing	(16,833)	-
<b>Net cash used in financing activities</b>	<b>5,852</b>	-
<b>Net decrease in cash and cash equivalents</b>	<b>(8,534)</b>	-
<b>Cash and cash equivalents at beginning of the period</b>	<b>(5,884)</b>	-
<b>Cash and cash equivalents at end of the period</b>	<b>(14,418)</b>	-
<b>Cash and cash equivalents comprises :-</b>		
Cash and bank balances	1,859	-
Fixed deposits with licenced banks	20,086	-
Bank overdrafts	(16,277)	-
	5,668	-
Fixed deposits pledged with licenced banks	(20,086)	-
	<b>(14,418)</b>	-

**Note**

- In view of change in financial year end in previous year, there were no comparative financial information available for the 12-month financial period 30 June 2019.

*The Condensed Consolidated Statement of Cash flow 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.*

**NOTES TO THE INTERIM FINANCIAL REPORT****A. EXPLANATORY NOTES PURSUANT TO MFRS 134****A1. Basis of Preparation**

The unaudited condensed interim financial statements of the Company and its subsidiaries (the "Group") has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 14 and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board.

The interim financial report is unaudited and should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 30 June 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2019.

**A2. Application of New and Amendments to MFRSs**

The Group has not early adopted any new and amendments standards issued but not yet effective for the accounting period beginning 1 July 2019. The initial application of the MFRSs, Amendment to MFRSs and IC interpretations, which will be applied prospectively, or which requires extended disclosures, is not expected to have any significant financial impact on the interim financial statements of the Group.

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

During the financial year, the Group 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"

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)**

**A2. Application of New and Amendments to MFRSs (Continued)**

The application of the Amendments has no significant impact to the condensed financial statements except the changes arising from MFRS 16 Leases, as disclosed below:

MFRS 16 introduces a single, on-balance sheet lease accounting model for 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.

**A3. Auditors' Report on Preceding Annual Financial Statements**

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

**A4. 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.

**A5. 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.

**A6. Changes in Debt and Equity Securities**

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 financial quarter.

**A7. Dividend Paid and Distributed**

There were no dividends paid in the current financial period.

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)****A8. Segmental Information**

The Group is organized into the following operating segments: -

- (I) Investment Holding  
Investment holding activities in subsidiaries, joint venture and other investments.
- (II) Integrated Cranes Services  
Provision of crane rental, overhaul and maintenance, fabrication, workover project, lifting solution, manpower and parts supply, etc.
- (III) Pipeline Engineering Services  
Provision of fabrication, maintenance and engineering services for risers, pig traps and pipeline isolations, etc.
- (IV) Others  
Supply fabricate and servicing industrial equipment and tank systems; Consultancy services in engineering project and well services, and pre-operating entities.

For 12 Months Period ended 30 June 2020	Investment holding	Integrated Crane Services	Pipeline Engineering Services	Others	Elimination	Consolidated
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
<b>Revenue</b>						
Revenue from external	-	45,567	39,129	2,648		87,344
Inter-segment	-	364	-	16	(380)	-
<b>Total revenue</b>	<b>0</b>	<b>45,931</b>	<b>39,129</b>	<b>2,664</b>	<b>(380)</b>	<b>87,344</b>
<b>Results</b>						
Gross Profit	-	17,551	1,996	458		20,006
GP Margin	-	38%	5%	17%		23%
Other operating income	2,024	590	274	-		2,888
Administrative and Other operation expenses	(7,183)	(15,885)	(5,232)	(4,050)		(32,349)
Impairment loss on trade receivables	-	-	(425)	-	-	(424)
Depreciation	(630)	(2,667)	(235)	(28)		(3,560)
Finance cost	(21)	(1,153)	(870)	(75)		(2,119)
Impairment losses	(10,608)	(425)	-	-		(10,608)
Share of results in a joint venture	(139)	-	-	-		(139)
<b>Loss before tax</b>	<b>(16,557)</b>	<b>(1,564)</b>	<b>(4,492)</b>	<b>(3,695)</b>		<b>(26,307)</b>
Taxation	-	70	(113)	-		(43)
<b>Loss after tax</b>	<b>(16,557)</b>	<b>(1,494)</b>	<b>(4,604)</b>	<b>(3,695)</b>		<b>(26,350)</b>
<b>Assets</b>						
Segment assets	<b>52,137</b>	<b>58,918</b>	<b>16,316</b>	<b>1,477</b>		<b>128,848</b>
<b>Liabilities</b>						
Segment liabilities	<b>1,144</b>	<b>28,648</b>	<b>27,968</b>	<b>3,136</b>		<b>60,897</b>

NOTE: Other operating income in Investment holding segment included a gain on disposal of a subsidiary of RM 1,933,232.



**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)****A8. Segmental Information (Continued)**

The presentation of segmental information for current financial quarter has been changed compared to preceding quarters. The previously reported business segments of integrated crane services, fabrication of cranes, workover project lifting solutions, machinery and fabrication works have been grouped under "Integrated Cranes Business"; provision of maintenance and services for risers and pipeline isolations are grouped under "Pipeline Engineering Services, and; supply, fabrication and servicing industrial equipment and tank systems, consultancy services for engineering projects are grouped as "Others". There was no change in "Investment Holding" business segment.

**A9. Valuation of property, plant and equipment**

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

**A10. Capital Commitments**

There were no material capital commitments in current financial quarter.

**A11. Material events subsequent to the end of financial period reported**

- i) On 1 July 2020, the Company signed a shares sale agreement with Seaoffshore Capital Sdn Bhd (a company controlled by the directors of the Company) for acquisition of 100% interests in Borneo Seashore Resources Sdn Bhd at a purchase consideration of RM429,820. The acquisition transaction is expected to be completed in September 2020.
- ii) The Company and its subsidiaries, Handal Cranes Sdn Bhd and Borneo Seaoffshore Engineering Sdn Bhd, currently undertaking two restructuring and rescheduling (R&R) exercises for its existing bank credit facilities with two banks in order to improve the liquidity of the Group. The R&R schemes mainly comprised conversion of outstanding trade credit facilities of approximately RM12.9 Million into term loan with repayment period over 24 to 36 months. The R&R schemes with banks are expected to be completed in September 2020.

**A12. Changes in composition of the Group**

There were no changes in composition of the Group during the current financial quarter.

**A13. Contingent liabilities or contingent assets**

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

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)****A14. 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: -

<b>Name of Related Parties</b>	<b>Nature of Transaction</b>	<b>Amount (RM'000)</b>
Thrustbar Resources Sdn Bhd ("Thrustbar")	Provision of pipeline pumping services from Thrustbar to Borneo Seaoffshore Engineering Sdn Bhd	4,524
Borneo Seaoffshore Resources Sdn Bhd ("BSOR")	Leasing of machinery and equipment from BSOR to Borneo Seaoffshore Engineering Sdn Bhd	442

**A15. Material Litigations**

In March 2019, the Company entered into a shareholder's agreement with Singapore Oil and Energy Pte Ltd ("SOEPL") to incorporate a jointly controlled company in Malaysia namely Handal Oceans Assets Sdn Bhd ("HOASB") and its subsidiary namely Calm Oceans Sdn Bhd ("COSB") to own and to undertake the construction of a patented asset: Mono-Column Platform("MCP") in connection with a Letter of Award from Petronas Carigali Sdn Bhd to the Consortium of Borneo Seaoffshore Engineering Sdn Bhd – Handal Engineering Sdn Bhd ("BSHJV"). Due to non-delivery of assets within the contractual period by HOASB and COSB, the aforesaid Letter of Award was subsequently terminated upon voluntarily withdrawal by BSHJV with waiver of damages claim from Petronas Carigali Sdn Bhd. The aforesaid event of non-delivery of contracts has resulted in disputes between the Company and SOEPL, and gave rise to the following two litigations involved the Company, its subsidiaries and its directors.

- a. On 9 June 2020, Tracy Chang and Brian Chang (the directors of SOEPL) has filed an Originating Summons against three directors of the Company, Sunildeep Singh Dhaliwal, Mallek Rizal Bin Mohsin, Terry Busing and COSB (the "Defendants"). Among others, Tracy Chang and Brian Chang are seeking leave (permission) from the Court to commence legal proceedings on behalf of COSB against the Company and Handal Floaters Sdn Bhd ("HFSB") for, among others, allegedly inducing COSB to breach its subcontract for the Provision of Water Injection Module (WIM) Supply on MOU (Mobile Offshore Unit) for the Mobile Water Injection Facilities ("Bare Boat Charter") with the Consortium of BSHJV.

On 6 August 2020, the Defendants filed an affidavit to oppose the Originating Summons and to reply to the allegations raised by Tracy Chang and Brian Chang. The hearing for the matter has been fixed for 20 November 2020.

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)****A15. Material Litigations (Continued)**

- b. On 3 August 2020, the Company and its two subsidiaries, Borneo Seaoffshore Engineering Sdn Bhd (“BSOE”) and Handal Engineering Sdn Bhd (“HESB”) (the “Plaintiff”) filed a legal suit against Brian Chang, Tracy Chang, Emily Soon Wai Chin, Calm Oceans Pte Ltd (“COPL”) and Brian Chang Holdings Ltd (the “Defendants”). The suit is premised on, among others, the Deceit and Negligent Misstatement of the Defendants wherein the Defendants misled the Plaintiffs on the cost efficiency of the MCP. The Plaintiffs relied on Defendants’ misleading representations to their own detriment, causing the Plaintiffs to suffer loss and damage. The Plaintiffs are seeking, among others, the following relief from the Court: -
- i. Special damages amounting to the Plaintiffs’ Investment being RM10,589,823.00;
  - ii. Special damages amounting to the Plaintiffs’ Expenses being RM1,676,121.91;
  - iii. General Damages of RM140,153,860.03;
  - iv. Aggravated damages to be assessed and/or determined by the Court;
  - v. Interest at 5% per annum from 27.9.2020 until full settlement; and
  - vi. Costs.

The Plaintiffs solicitors are in the process of serving the court documents on the Defendants at their respective addresses. The Court has fixed a case management date of 4 September 2020 to update the Court on all matters pertaining to this suit.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT BY BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance****(a) Current Quarter (Q4 FY2020) vs Preceding Year Corresponding Quarter (Q6 FY2019)**

	Individual Period		Variance	
	Current Quarter	Preceding Year Corresponding Quarter		
	30 June 2020	30 June 2019		
	RM' 000	RM' 000	RM' 000	%
Revenue	16,022	16,482	(460)	(3)
Gross Profit	(766)	6,791	(7,557)	(111)
Loss Before Interest and Tax	(19,039)	(13,063)	(5,976)	46
Loss Before Tax	(19,699)	(13,413)	(6,286)	47
Loss After Tax	(19,678)	(13,488)	(6,190)	46

For the current quarter, the Group posted a loss after tax of RM19.7 million compared to a loss after tax of RM13.5 million registered in the preceding year corresponding quarter while the revenue was shrank by RM0.5 million compared to corresponding quarter in previous year. The Group's revenue for the current quarter was RM16.0 million, a 3% decrease from RM16.5 million recorded in the corresponding quarter last year. The decrease has been mitigated by the additional contribution of RM8.7 million from a new business segment namely Pipeline Engineering Services upon acquisition of a new 51% owned subsidiary during the financial year.

The lower performance in the current quarter was mainly attributable to the ongoing outbreak of Covid-19 pandemic since March 2020 which led to significant negative impact to the oil and gas industry and the economic. The net loss after tax posted in current quarter was mainly attributable to the aforesaid negative impacts to low revenue growth and low gross profit to absorb the operating costs despite a few cost optimisation measures have been taken. Moreover, there was also an impairment loss arising from the investment in a joint venture (Handal Oceans Assets Sdn Bhd and its subsidiary Calm Oceans Sdn Bhd) of RM10.6M in the current quarter. The performance of the respective operating business segments for the current quarter is analysed as follows:-

**(i) Integrated Crane Services**

The revenue of this business segment has decreased to RM7.4 million in current quarter from RM13.2 million in previous year corresponding quarter mainly attributable to decrease in the crane fabrication, crane rental activities as result of deferment of our customers' offshore activities. The revenue is mainly derived from the recurring crane overhaul and maintenance activities at both on and offshore locations. The gross profit margin has also decreased to 38% from 40% in previous year corresponding quarter mainly attributable to change in composition of revenue as aforesaid where lower margin earned as well as low absorption of fixed overhead costs.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT BY BURSA  
MALAYSIA SECURITIES BERHAD (CONTINUED)****B1. Review of Performance (Continued)****(ii) Pipeline Engineering Services**

This is a new revenue stream to the Group. This new business segment has contributed RM 8.7million in current quarter compared to zero in previous year corresponding quarter as the acquisition of this new business segment was taken place during current financial year.

**(iii) Investment holding and other business**

The contribution from investment holding and other business remained insignificant.

**(b) Current Year to Date vs. Preceding Year**

	Cumulative Period		Variance	
	Current Year to Date 30 June 2020 RM' 000	Preceding Year Corresponding Period 30 June 2019 RM' 000		
Revenue	87,344	N/A	-	-
Gross Profit	20,006	N/A	-	-
Loss Before Interest and Tax	(24,188)	N/A	-	-
Loss Before Tax	(26,307)	N/A	-	-
Loss After Tax	(26,350)	N/A	-	-

The Group recorded a loss after tax of RM26.4 million for the year ended 30 June 2020. An overall gross profit margin of 27.1% was reported in the current financial year. The net loss has been mitigated by a one-off gain on disposal of a subsidiary (Handal Simflexi Sdn Bhd) of RM1.9 million in preceding quarters. The total administrative and other operating expenses was approximately RM32.3 million for the year ended 30 June 2020. The performance of the respective operating business segments for period ended 30 June 2020 as compared to the preceding year is analysed as follows:

**(i) Integrated Crane Services**

This business segment reported revenue of RM45.6 million for the year ended 30 June 2020 with the gross profit of RM38.4 million. The segment reported a net loss of RM1.5 million for the year mainly attributable to high operating costs and increased finance costs.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT BY BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**
**B1. Review of Performance (Continued)**
**(ii) Pipeline Engineering Service**

This new business segment reported a revenue of RM39.1 million for the period ended 30 June 2020, with a gross profit RM2 million. The segment posted a net loss after tax of RM4.6 million for the year mainly attributable to deteriorated gross profit margin while high operating costs and increased finance costs.

**(iii) Investment Holding and Other Business**

The income generated from investment holding and other businesses remained insignificant while incurred losses of RM16.6 million and RM3.7 million from investment holding and other segments, respectively. The net losses in investment holding and other business segments were mainly due to the impairment loss in investment in joint venture, increased staff and business development costs.

**B2. Material Changes in The Quarterly Results Compared to The Results of The Preceding Quarter**

	Individual Quarter		Variance	
	Current Quarter	Immediate Preceding		
	Ended 30 June 2020 RM' 000	Quarter Ended 31 March 2020 RM' 000	RM' 000	%
Revenue	16,022	12,742	3,280	26%
Gross Profit	(766)	691	(1,457)	-211%
Loss Before Interest and Tax	(19,039)	(9,953)	(9,086)	91%
Loss Before Tax	(19,699)	(10,483)	(9,216)	88%
Loss After Tax	(19,678)	(10,547)	(9,131)	87%

The Group posted after tax of RM19.7 million in the current quarter as compared to a loss after tax of RM10.5 million in immediately preceding quarter, two consecutive quarterly losses reported for the financial year ended 30 June 2020. Meanwhile, the Group's revenue for the reporting quarter was RM16.0 million, an increase of 26% compared to RM12.7 million recorded in the immediate preceding quarter. Higher revenue registered in current quarter despite of lower revenue from Cranes Business by RM2.1 million, was solely contributed from Pipeline Engineering segment which increased RM5.5 million compared to the immediate preceding quarter. The net loss after tax posted in current quarter was mainly attributable to high operating costs as explained in previous sections.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT BY BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B3. Prospects**

The outlook of oil and gas industry remained challenging in short to medium terms and the global and Malaysia's economic growth is heading to a contraction or even recession as a result of continued uncertainty arising from Covid-19 pandemic and slump of oil prices. The low oil prices have constrained the oil and gas industry we operate in, as the major oil and gas exploration activities and capital expenditure have been deferred or remained conservative in the future. Most of the key oil and gas companies have announced their plans in cutting down both capital expenditure and operating expenses.

Despite of the aforesaid downturn in the industry, the Group's current orderbook is mainly comprised of short term to mid-term contracts with major oil producers for provision of recurring integrated crane services i.e. rental, overhaul and maintenance and pipeline engineering and maintenance services. These are recurring income to the Group and will continue to support the financial performance of the Group in near term. Meanwhile, the Group has been continuously undertaking various radical measures such as cost optimization programme and aggressive business development strategies, to manage and sustain itself through the prevailing economic uncertainty.

Moreover, the Group is also putting in effort to strengthen its cashflow position through restructuring of current outstanding debt which expected to be completed in September 2020.

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

**B4. Profit Forecast and profit guarantee**

The Group has not issued any profit forecast nor profit guarantee for the current financial period.

**B5. Taxation**

	<b>Current Quarter ended 30 June 2020 RM'000</b>	<b>For the Year ended 30 June 2020 RM'000</b>
Current tax	(21)	(11)
Underprovision in prior year	<u>-</u>	<u>54</u>
	<u>(21)</u>	<u>43</u>

**B6. Status of Corporate Proposals**

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

**HANDAL ENERGY BERHAD**  
 (formerly known as HANDAL RESOURCES BERHAD)  
 (New Company Registration No. 200801015549 (816839-X))

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 30 JUNE 2020**

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT BY BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B7. Borrowings and Debt Securities**

	As at 30 June 2020 RM'000	As at 30 June 2019 RM'000
<u>Non-current</u>		
Hire purchase liabilities	888	604
<u>Current</u>		
Bank overdrafts	16,277	11,285
Trade financing	13,489	1,091
Hire purchase liabilities	418	333
	30,184	12,709
	<b>31,072</b>	<b>13,313</b>

**B8. Material Litigation**

Please refer to Item A15.

**B9. Dividends**

Dividends have not been recommended for the current quarter ended 31 March 2020.

**B10. Earnings/ (Loss) Per Share**

	Individual Quarter		Cummulative Quarter	
	Current Quarter Ended  RM'000	Preceding Year Corresponding Quarter Ended  RM'000	Current Year to Date  RM'000	Preceding Year to Date  RM'000
<b>Basic Earning Per Share</b>				
Loss for the period attributable to equity holders of the company	(17,389)	(14,675)	(25,288)	N/A
Weighted average of ordinary shares in issued ("000)	218,516	175,659	218,516	N/A
Loss Per Share (Sen)	(7.96)	(8.35)	(11.57)	N/A



**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT BY BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B11. Intangible Assets**

	As at 30 June 2020 RM'000	As at 30 June 2019 RM'000
<u>At Cost</u>		
Intellectual property	11,959	11,959
Goodwill on consolidation	29,712	4,708
	41,671	16,667
<u>Accumulated impairment losses</u>		
Intellectual property	(3,279)	(3,279)
Goodwill on consolidation	-	(2,478)
	3,279	5,757
<u>Carrying value</u>		
Intellectual property	8,680	8,680
Goodwill on consolidation	29,712	2,230
	<b>38,392</b>	<b>10,910</b>

Goodwill on consolidation represents goodwill arising from acquisition of a 51% owned subsidiary during the financial year. Intellectual property represents the costs of acquiring the ownership of the intellectual property rights of the "SEACRANE" offshore pedestal crane product line and trademarks for an indefinite period.

**B12. Trade Receivables**

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

	As at 30 June 2020 RM'000	As at 30 June 2019 RM'000
Neither past due nor impaired	4,433	4,484
1 to 30 days past due not impaired	411	2,689
31 to 60 days past due not impaired	664	307
61 to 90 days past due not impaired	589	1,287
More than 90 days past due not impaired	631	2,556
	2,295	6,839
Past due and impaired	425	-
	7,153	11,323
Less: Impairment losses	(425)	-
	<b>6,728</b>	<b>11,323</b>

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT BY BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B12. Trade Receivables (Continued)**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 RM2.3 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 RM3.9 million from these outstanding trade receivables based on the latest practical date of 19 August 2020.

**B13. Loss before Taxation**

	<b>Current Quarter Ended 30 June 2020 RM'000</b>	<b>Cumulative Quarters Ended 30 June 2020 RM'000</b>
This is arrived at after crediting/ (charging):		
Interest Income	109	457
Interest expenses	(661)	(2,119)
Foreign exchange gain	54	201
Fair value changes in financial assets		
at fair value through profit or loss	-	65
Gain on disposal of property, plant and equipment	-	22
Gain on disposal of a subsidiary	-	1,933
Depreciation	(1,482)	(3,561)
Impairment loss on investment in joint venture	(10,608)	(10,608)
Impairment loss on trade receivable	(425)	(425)
Property, plant and equipment write off	-	(7)
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