

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Period To Date	Preceding Year Corresponding Period
	1 July 2020 to 30 September 2020	1 July 2019 to 30 September 2019	1 July 2020 to 30 September 2020	1 July 2019 to 30 September 2019
	RM'000	RM'000	RM'000	RM'000
Revenue	17,032	32,328	17,032	32,328
Cost of sales and services	(10,235)	(22,093)	(10,235)	(22,093)
Gross profit	6,797	10,235	6,797	10,235
Other operating income	189	100	189	100
Administration and other operating expenses	(5,561)	(8,024)	(5,561)	(8,024)
Depreciation	(783)	(660)	(783)	(660)
Finance costs	(337)	(406)	(337)	(406)
Gain on disposal of a subsidiary (Note 1)	-	1,933	-	1,933
Profit before taxation	305	3,178	305	3,178
Income tax expense	(153)	-	(153)	-
Profit after tax for the period	152	3,178	152	3,178
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive (loss)/profit for the period	152	3,178	152	3,178
Total comprehensive (loss)/profit attributable to:				
Equity holders of the parent	(371)	1,407	(371)	1,407
Non-controlling Interest	523	1,771	523	1,771
	152	3,178	152	3,178
Weighted average no. of ordinary shares in issue ('000) (Note 2)	218,516	218,516	218,516	218,516
(Loss)/ Earning per share attributable to Owners of the Company				
- Basic (sen)	(0.17)	1.45	(0.17)	1.45
(Loss)/ Earning per share - Diluted (sen)	(0.17)	1.45	(0.17)	1.45

Notes:

- Gain on disposal of subsidiary 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 by the weighted average number of ordinary shares for the quarter

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying notes attached to this quarterly financial report

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Unaudited As at 30 September 2020 RM'000	Audited As at 30 June 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	32,589	30,827
Right of Use Assets	1,089	1,170
Intangible assets (Note 1)	34,365	34,410
	68,043	66,407
Current Assets		
Inventories	10,103	10,054
Trade receivables	7,275	7,153
Other receivables	2,418	5,404
Contract assets	22,905	22,074
Tax recoverable	1,169	908
Short term investment	101	100
Fixed deposits with licensed banks	20,442	20,193
Cash in hand and at bank	434	1,946
	64,847	67,833
Total Assets	132,890	134,239
EQUITY AND LIABILITIES		
Equity		
Share capital	100,469	100,469
Irredeemable Convertible Preference Shares	9,407	9,408
Treasury shares	(72)	(72)
Accumulated losses	(31,648)	(31,277)
Equity attributable to owners of the Company	78,156	78,528
Non-controlling interests	(2,283)	(2,806)
Total equity	75,873	75,721
Non-current liabilities		
Hire purchase liabilities	1,167	882
Lease liabilities	343	343
Deferred taxation	2,492	2,492
	4,002	3,716
Current Liabilities		
Trade payables	17,325	15,756
Other payables	4,567	7,900
Lease liabilities	767	850
Hire purchase liabilities	340	424
Short term borrowings	29,662	29,871
Current tax liabilities	355	
	53,016	54,802
Total liabilities	57,017	58,518
Total equity and liabilities	132,890	134,239
Net Assets Per Share attributable to Owners of the Company (RM)	0.36	0.37

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.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying notes attached to this quarterly financial report.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

	Attributable to equity holders of the Company						Non-controlling Interest	Total Equity
	Non-distributable			Distributable				
	Share Capital	Irredeemable Convertible Preference Shares	Treasury Shares	Accumulated Losses	Total	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
For 3 months ended 30 September 2020								
Balance as at 1 July 2020	100,469	9,408	(72)	(31,277)	78,528	(2,806)	75,721	
Issue of new share capital for acquisition of a subsidiary, net of transaction costs	-	-	-	-	-	-	-	
Total comprehensive gain for the year	-	-	-	(371)	(371)	523	152	
Acquisition of addition equity interest from non-controlling interest				-	-	-	-	
Balance as at 30 September 2020	100,469	9,408	(72)	(31,648)	78,156	(2,283)	75,873	

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 2020 and the accompanying notes attached to this quarterly financial report.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

	Current Year To Date	Preceding Year Corresponding Period
	1 July 2020 to 30 September 2020	1 July 2019 to 30 September 2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	305	3,178
Adjustments for:		
Depreciation of property, plant and equipment	702	660
Depreciation of right-of-use assets	81	-
Interest income	(55)	(32)
Interest expense	337	406
Fair value changes on financial assets at fair value through profit or loss	(1)	(60)
(Gain)/Loss on disposal of property, plant and equipment	(2)	-
Loss on disposal of investment in a subsidiary company	-	(1,933)
Write-off of:		
- Property, plant and equipment	-	3
Operating profit before changes in working capital	1,367	2,221
Changes in working capital:		
Inventories	(49)	(177)
Trade and other receivables	3,700	(6,574)
Contract cost assets	(1,066)	(1)
Contract cost liabilities	(2,166)	268
Trade and other payables	(262)	(2,101)
Amount owing by director	(1)	-
Net cash generated from operations	1,523	(6,365)
Interest received	55	32
Interest paid	(337)	(406)
Tax paid	89	(206)
Net cash generated/ (used in) from operating activities	1,330	(6,944)
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through profit or loss	-	4,800
Proceeds from disposal of property, plant and equipment	75	-
Proceeds from disposal of non-current assets held for sale	-	1,956
Purchase of property, plant and equipment	(1,758)	(4,830)
Acquisition of subsidiary companies, net of cash acquired	(424)	5,383
Net cash (used in)/ generated from investing activities	(2,107)	7,309

The Condensed Consolidated Statement of Cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying notes attached to this quarterly financial report.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

	Current Year To Date	Preceding Year Corresponding Period
	1 July 2020 to 30 September 2020	1 July 2019 to 30 September 2019
	RM'000	RM'000
Cash flows from financing activities		
Increase/ (decrease) in pledged fixed deposits	(249)	(1,578)
Repayment (advance) to a Director	-	(650)
(Repayment of)/Drawdown from trade financing	(100)	3,663
Repayment of lease liabilities and borrowings	(278)	(98)
Net cash generated from/(used in) financing activities	<u>(627)</u>	<u>1,336</u>
Net (decrease)/increase in cash and cash equivalents	(1,404)	1,702
Effect of exchange rate differences	-	-
Changes in cash and cash equivalents classified as held for sale	-	-
Cash and cash equivalents at the beginning of the financial year/period	(14,331)	(5,884)
Cash and cash equivalents at the end of the financial year/period	<u>(15,735)</u>	<u>(4,182)</u>
Cash and cash equivalents at the end of the financial year/period comprises:		
Cash and bank balances	434	10,529
Fixed deposits	20,442	19,189
Bank overdrafts	(16,169)	(14,711)
	<u>4,707</u>	<u>15,007</u>
Less: Fixed deposits pledged with licensed banks	<u>(20,442)</u>	<u>(19,189)</u>
	<u>(15,735)</u>	<u>(4,182)</u>

The Condensed Consolidated Statement of Cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying notes attached to this quarterly financial report.



HANDAL ENERGY BERHAD

(Company Registration No. 200801015549 (816839-X))

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2020**

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 2020. 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 2020.

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 2020. 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 change in accounting policy for revenue and income recognition and application of the amendments to MFRSs as disclosed below.

Change in accounting policy for revenue and income recognition.

Effective 1 July 2020, revenue from fabrication of cranes is recognized over time in the period in which services are rendered as the entity's performance does not create an asset with an alternative use and the entity has an enforceable right compensation for performance completed to date should the project is cancellable. The Group uses input method where the percentage of completion is determined by the proportion of cost incurred. This method of recognition is more representative of the progress of the existing project within the group.

Change of accounting policies following the amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB")

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 2020: -



HANDAL ENERGY BERHAD

(Company Registration No. 200801015549 (816839-X))

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2020**

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

- 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 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 134, “Interim Financial Reporting”
 - Amendment to MFRS 137, “Provisions, Contingent Liabilities and Contingent Assets”
 - Amendment to MFRS 138, “Intangible Assets”
 - Amendment to IC Interpretation 12, “Service Concession Arrangements”
 - Amendment to IC Interpretation 19, “Extinguishing Financial Liabilities with Equity Instruments”
 - Amendment to IC Interpretation 20, “Stripping Costs in the Production Phase of a Surface Mine”
 - Amendment to IC Interpretation 22, “Foreign Currency Transactions and Advance Considerations”
 - Amendments to IC Interpretation 132, “Intangible Assets- Web Site Costs”
- Amendments to MFRS 3, “Business Combinations” (Definition of a Business)
- Amendments to MFRS Standards arising from Definition of Material:
 - Amendments to MFRS 101, “Presentation of Financial Statements”
 - Amendments to MFRS 108, “Accounting Policies, Changes in Accounting Estimates and Errors”
- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform:
 - Amendments to MFRS 7, “Financial Instruments: Disclosures”
 - Amendments to MFRS 9, “Financial Instruments”
 - Amendments to MFRS 139, “Financial Instruments: Recognition and Measurement”

The application of the Amendments has no significant impact to the condensed financial statements.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)**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 2020 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.

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.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

(IV) Others

Supply fabricate and servicing industrial equipment and tank systems; Consultancy services in engineering project and well services, and pre-operating entities.

Handal Energy Berhad and its Subsidiaries (Handal Group)
Consolidation Financial Statements
For the period ended 30 September 2020

For 3 Months Period ended 30 September 2020	Investment holding	Integrated Crane Services	Pipeline Engineering Services	Others	Elimination	Consolidated
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Revenue						
Revenue from external	-	11,131	4,784	1,116		17,032
Inter-segment	-	17	-	0	(17)	-
Total revenue	0	11,149	4,784	1,116	(17)	17,032
Results						
Gross Profit	-	4,631	1,979	187		6,797
GP Margin	-	42%	41%	17%		40%
Other operating income	2	180	2	4		189
Administrative and Other operation expenses	(1,788)	(2,593)	(745)	(435)		(5,561)
Depreciation	(165)	(532)	(64)	(22)		(783)
Finance cost	(2)	(299)	(24)	(12)		(337)
Impairment losses	-	-	-	-		-
Share of results in a joint venture	-	-	-	-		-
Profit/ (Loss) before tax	(1,953)	1,386	1,150	(278)		305
Taxation	-	(61)	(93)	-		(153)
Profit/ (Loss) after tax	(1,953)	1,325	1,057	(278)		152
Assets						
Segment assets	3,709	80,455	16,504	32,479		133,147
Liabilities						
Segment liabilities	1,302	31,754	19,966	4,264		57,286

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

The presentation of segmental information for current financial quarter has no changes 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

There is no material subsequent event for the current period ended 30 September 2020

A12. Changes in composition of the Group

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 Seaoffshore Resources Sdn. Bhd. ("BSOR") at purchase consideration of RM429,920, subject to adjustments based on the audited net assets at the point of completion. BSOR became a wholly owned subsidiary of the Company on 28 July 2020.

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 no significant 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	Current Quarter 30 September 2020	Immediate preceding quarter 30 June 2020
		RM' 000	RM '000
Thrustbar Resources Sdn Bhd ("Thrustbar")	Provision of pipeline pumping services from Thrustbar to Borneo Seaoffshore Engineering Sdn Bhd	-nil-	4.524
Borneo Seaoffshore Resources Sdn Bhd ("BSOR")	Leasing of machinery and equipment from BSOR to Borneo Seaoffshore Engineering Sdn Bhd	*84	442

*Borneo Seaoffshore Resources Sdn Bhd ("BSOR") has been acquired by Handal Group and become wholly owned subsidiary of the Company on 28 July 2020.

A15. Material Litigation

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 as well as COSB as the 4th Defendant ("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.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

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 scheduled on 17 December, 2020.

- 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. Order granting leave to serve abroad was granted on 10 November 2020. Service is in the process. Case Management date is yet to be confirmed.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT BY BURSA MALAYSIA SECURITIES BERHAD**B1. Review of Performance****(a) Current Quarter (Q1 FY2021) vs Preceding Quarter (Q1 FY2020)**

	Individual Period		Variance	
	Current Quarter	Preceding Quarter		
	30 September 2020	30 September 2019		
	RM' 000	RM' 000	RM' 000	%
Revenue	17,032	32,328	(15,296)	(47)
Gross Profit	6,797	10,235	(3,438)	(34)
Profit Before Interest and Tax	642	3,584	(2,942)	(82)
Profit Before Tax	305	3,178	(2,873)	(90)
Profit After Tax	152	3,178	(3,026)	(95)

For the current quarter, the Group posted a profit after tax of RM0.15 million as compared to a profit after tax of RM 3.18 million registered in the preceding year corresponding quarter while the revenue has decreased by RM15.3 million compared to corresponding quarter in previous year. The Group's revenue for the current quarter was RM17.0 million, a 47% decrease from RM32.3 million recorded in the corresponding quarter last year. The decrease is due to lower revenue mainly in two major business segments on pipeline isolation and crane fabrication.

The lower performance in the current quarter was mainly attributable to the ongoing outbreak of Covid-19 pandemic since March 2020 and was continued up to this quarter which led to significant negative impact to the oil and gas industry. The lower net profit after tax posted in current quarter was mainly attributable to the aforesaid impacts of lower revenue and low gross profit to absorb the operating costs despite a few cost optimization measures have been taken.

(i) Integrated Crane Services

The revenue of this business segment has decreased to RM11.1 million in current quarter from RM15.5 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 reported for current year of RM4.6 million and profit after tax is RM1.32 million.

**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 business segment has contributed RM4.78 million for the period ended 30 September 2020, compared to RM16.7 million corresponding quarter which has significant decreased from last quarter mainly attributable to decrease in contribution from pipeline isolation. The segment posted profit before tax of RM1.15 million and a net profit after tax of RM1.06 million for the current quarter.

(iii) Investment holding and other business

The income generated from investment holding and other businesses contributed RM1.12 million and losses incurred after tax of RM1.95 million and RM0.3 million from investment holding and other segments, respectively.

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

	Individual Quarter		Variance	
	Current Quarter Ended	Preceding Quarter Ended		
	30 September 2020	30 June 2020		
	RM' 000	RM' 000	RM' 000	%
Revenue	17,032	16,022	1,010	6
Gross Profit	6,797	(766)	7,563	(987)
Profit Before Interest and Tax	642	(19,039)	19,681	(103)
Profit Before Tax	305	(19,699)	20,004	(102)
Profit After Tax	152	(19,678)	19,830	(101)

The Group reported as net profit after tax of RM0.15 million in the current quarter as compared to a loss after tax of RM19.7 million in immediately preceding quarter. The Group's revenue for the reporting quarter was RM17.0 million, increase by 6% as compared to RM16.0 million recorded in the immediate preceding quarter mainly contributed by integrated crane services.

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 remains challenging in the short to medium term with continued uncertainty arising from Covid-19 pandemic and slump of oil prices. Whilst some recovery has been seen in the past few months, the low oil prices have constrained the industry with major oil and gas exploration activities and capital expenditure being deferred coupled with reduced operating budgets.

The Group has responded by undertaking cost optimization measures and cashflow management by restructuring banking facilities and stepping up collections. In addition, the Group has been aggressively pursuing business development strategies which have started bearing fruit in the form of several new contracts including the following:

- a) Contract from ExxonMobil Exploration & Production Malaysia Inc (“**ExxonMobil**”) for the provision of pipeline isolation services to ExxonMobil operated platforms for a duration of five (5) years with a one (1) year extension option;
- b) Contract from MDC Oil & Gas (SK320) Ltd, a unit of Mubadala Petroleum (“**Mubadala**”) for the provision of offshore pedestal cranes maintenance services and spare parts to Mubadala for a duration of four (4) years;
- c) Contract from EnQuest Petroleum Production Malaysia Ltd (“**EnQuest**”) for the provision of offshore cranes operator services to EnQuest for a duration of three (3) years with a one (1) year extension option; and
- d) Contract from Carigali Hess Operating Company Sdn Bhd (“**CarigaliHess**”) for the provision of offshore pedestal crane inspection and maintenance services to CarigaliHess for a duration of three (3) years with a two (2) year extension option.

The result of these efforts is reflected in the current quarter’s financial performance where the Group recorded a profit before tax and non-controlling interest. Whilst modest, the return to profitability represents a significant turnaround from the losses seen in recent financial years. The Group aims to maintain this business growth momentum and profitability in the current financial year.

Against these developments and barring any unforeseen circumstances, the Board remains cautiously optimistic on the prospects 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.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT BY BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)
B5. Taxation

	Current Quarter ended 30 September 2020 RM'000	For Quarter ended 30 September 2019 RM'000
Current tax	(153)	-
Underprovision in prior year	-	-
	<u>(153)</u>	<u>-</u>

B6. Status of Corporate Proposals

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

B7. Borrowings and Debt Securities

	As at 30 September 2020 RM'000	As at 30 June 2020 RM'000
<u>Current</u>		
Secured:		
Bank overdrafts	16,169	16,277
Trade financing	13,493	13,593
	<u>29,662</u>	<u>29,870</u>
	<u>29,662</u>	<u>29,870</u>

The fixed deposit of the Group has been pledged as security for Trade Financing and Bank overdraft. All borrowings are denominated in Ringgit Malaysia (RM).

B8. Material Litigation

Please refer to Item A15.

B9. Dividends

Dividends have not been recommended for the current quarter ended 30 September 2020.

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

B10. (Loss)/ Earning Per Share

	Individual Quarter		Cummulative Quarter	
	Current Quarter Ended	Preceding Quarter Ended	Current Period to Date	Preceding Period to Date
	RM'000	RM'000	RM'000	RM'000
Basic Earning Per Share				
(Loss)/Profit for the period attributable to equity holders of the company	(371)	3,178	(371)	3,178
Weighted average of ordinary shares in issued ("000)	218,516	218,516	218,516	218,516
(Loss)/ Earning Per Share (Sen)	<u>(0.17)</u>	<u>1.45</u>	<u>(0.17)</u>	<u>1.45</u>

B11. Loss before Taxation

	Quarter Ended 30 September 2020 RM'000	Quarter Ended 30 September 2019 RM'000
This is arrived at after crediting/ (charging):		
Interest Income	55	32
Interest expenses	(337)	(406)
Foreign exchange gain	112	(1)
Fair value changes in financial assets at fair value through profit or loss	1	60
Gain on disposal of property, plant and equipment	2	
Gain on disposal of a subsidiary	-	1,923
Depreciation	(781)	(660)
Property, plant and equipment write off	-	(3)
	<u> </u>	<u> </u>