

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 31 MARCH 2021**

	Individual Quarter		Cumulative Period	
	Current Year Quarter 1 Jan 2021 to 31 March 2021 RM'000	Preceding Year Corresponding Quarter 1 Jan 2020 to 31 March 2020 RM'000	Current Period To Date 1 July 2020 to 31 March 2021 RM'000	Preceding Year Corresponding Period 1 July 2019 to 31 March 2020 RM'000
<b>Revenue</b>	11,553	12,742	47,898	71,322
Cost of sales and services	(4,387)	(12,051)	(28,723)	(50,550)
<b>Gross profit</b>	7,166	691	19,175	20,772
Other operating income	56	307	3,244	743
Administration and other operating expenses	(5,964)	(10,216)	(17,079)	(26,518)
Depreciation	(632)	(735)	(2,084)	(2,079)
Finance costs	(445)	(530)	(1,194)	(1,459)
Gain on disposal of a subsidiary (Note 1)	-	-	-	1,933
<b>Profit/(loss) before taxation</b>	181	(10,483)	2,062	(6,608)
Income tax expense	(58)	(64)	(236)	(64)
<b>Profit/(loss) after tax for the period</b>	123	(10,547)	1,826	(6,672)
<b>Other comprehensive income</b>	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-
<b>Total comprehensive profit/(loss) for the period</b>	<b>123</b>	<b>(10,547)</b>	<b>1,826</b>	<b>(6,672)</b>
<b>Total comprehensive profit attributable to:</b>				
Equity holders of the parent	(1,414)	(10,591)	(1,330)	(7,899)
Non-controlling Interest	1,537	44	3,156	1,227
	<b>123</b>	<b>(10,547)</b>	<b>1,826</b>	<b>(6,672)</b>
Weighted average no. of ordinary shares in issue ('000) (Note 2)	220,834	218,516	219,281	218,516
(Loss)/ Earning per share attributable to Owners of the Company				
- Basic (sen)	(0.64)	(4.85)	(0.61)	(3.61)
(Loss)/ Earning per share - Diluted (sen)	(0.64)	(4.85)	(0.61)	(3.61)

**Notes:**

- Gain on disposal of subsidiary Handal Simflexi Sdn Bhd in July 2019.
- Basic/ Diluted earnings/ (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 PERIOD ENDED 31 MARCH 2021**

	Unaudited As at 31 March 2021 RM'000	Audited As at 30 June 2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	31,450	30,827
Right of Use Assets	357	1,170
Intangible assets (Note 1)	34,410	34,410
	<u>66,217</u>	<u>66,407</u>
<b>Current Assets</b>		
Inventories	9,389	10,054
Trade receivables	27,417	27,193
Other receivables	4,236	5,404
Contract cost assets	5,908	2,034
Tax recoverable	500	908
Short term investment	101	100
Fixed deposits with licensed banks	13,653	20,193
Cash in hand and at bank	1,341	1,946
	<u>62,545</u>	<u>67,832</u>
<b>Total Assets</b>	<b><u>128,762</u></b>	<b><u>134,239</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	102,786	100,469
Irredeemable Convertible Preference Shares	9,408	9,408
Treasury shares	(72)	(72)
Accumulated losses	(32,607)	(31,277)
Equity attributable to owners of the Company	79,515	78,528
Non-controlling interests	350	(2,806)
<b>Total equity</b>	<u>79,865</u>	<u>75,722</u>
<b>Non-current liabilities</b>		
Lease liabilities	1,316	1,225
Deferred taxation	2,492	2,492
	<u>3,808</u>	<u>3,717</u>
<b>Current Liabilities</b>		
Trade payables	20,171	15,756
Other payables	2,918	7,800
Lease liabilities	481	1,274
Short term borrowings	21,053	29,871
Amount owing to a Director	108	100
Current tax liabilities	358	46
	<u>45,089</u>	<u>54,802</u>
<b>Total liabilities</b>	<u>48,897</u>	<u>58,518</u>
<b>Total equity and liabilities</b>	<b><u>128,762</u></b>	<b><u>134,239</u></b>
Net Assets Per Share attributable to Owners of the Company (RM)	0.35	0.36

**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.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

	Attributable to equity holders of the Company							
	Non-distributable			Distributable		Total	Non-controlling Interest	Total Equity
	Share Capital	Irredeemable Convertible Preference Shares	Treasury Shares	Accumulated Losses				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>For 9 months ended 31 March 2021</b>								
<b>Balance as at 1 July 2020</b>	100,469	9,408	(72)	(31,277)	78,528	(2,806)	75,722	
Issue of new share capital via private placement, net of transaction costs	2,317	-	-	-	2,317	-	2,317	
Total comprehensive profit for the year	-	-	-	(1,330)	(1,330)	3,156	1,826	
<b>Balance as at 31 March 2021</b>	<b>102,786</b>	<b>9,408</b>	<b>(72)</b>	<b>(32,607)</b>	<b>79,515</b>	<b>350</b>	<b>79,865</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 2020 and the accompanying notes attached to this quarterly financial report.*

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

	Current Year To Date 1 July 2020 to 31 March 2021 RM'000	Preceding Year Corresponding Period 1 July 2019 to 31 March 2020 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	2,062	(6,608)
Adjustments for:		
Depreciation of property, plant and equipment	1,359	2,079
Depreciation of right-of-use assets	725	-
Interest income	(193)	(347)
Interest expense	1,194	1,458
Fair value changes on financial assets at fair value through profit or loss	(1)	(63)
(Gain)/Loss on disposal of property, plant and equipment	(1)	22
Loss on disposal of investment in a subsidiary company	-	(1,933)
Write-off of:		
- Property, plant and equipment	-	7
Operating loss before changes in working capital	5,145	(5,385)
Changes in working capital:		
Inventories	665	(2,875)
Trade and other receivables	1,034	16,210
Contract cost assets	(3,874)	397
Contract cost liabilities	(2,166)	-
Trade and other payables	1,692	(8,657)
Amount owing by director	(1)	-
Net cash generated from operations	2,495	(310)
Interest received	194	348
Interest paid	(1,194)	(1,459)
Tax paid	(357)	(1,053)
Tax refund	857	-
Net cash generated/ (used in) from operating activities	1,995	(2,474)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of financial assets at fair value through profit or loss	-	4,813
Proceeds from disposal of property, plant and equipment	75	23
Construction of PPE	528	(20,806)
Proceeds from disposal of non-current assets held for sale	-	3,858
Purchase of property, plant and equipment	(1,342)	(1,772)
Acquisition of subsidiary companies, net of cash acquired	(323)	13,019
Private placement exercise	2,317	-
Net cash (used in)/ generated from investing activities	1,255	(865)

*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 31 MARCH 2021**

	Current Year To Date 1 July 2020 to 31 March 2021 RM'000	Preceding Year Corresponding Period 1 July 2019 to 31 March 2020 RM'000
<b>Cash flows from financing activities</b>		
(Increase)/ decrease in pledged fixed deposits	6,540	(6,267)
Repayment (advance) to a Director	-	-
(Repayment of)/Drawdown from trade financing	(12,152)	3,801
Repayment of lease liabilities and borrowings	(1,577)	(575)
Net cash generated from/(used in) financing activities	<u>(7,189)</u>	<u>(3,041)</u>
Net (decrease)/increase in cash and cash equivalents	(3,939)	(6,380)
Cash and cash equivalents at the beginning of the financial year/period	<u>(14,331)</u>	<u>(5,884)</u>
Cash and cash equivalents at the end of the financial year/period	<u>(18,270)</u>	<u>(12,264)</u>
Cash and cash equivalents at the end of the financial year/period comprises:		
Cash and bank balances	1,341	2,023
Fixed deposits	13,653	19,762
Bank overdrafts	(19,611)	(14,287)
	<u>(4,617)</u>	<u>7,498</u>
<b>Less: Fixed deposits pledged with licensed banks</b>	<u>(13,653)</u>	<u>(19,762)</u>
	<u>(18,270)</u>	<u>(12,264)</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.*

**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: -

**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 other than disclosed in Note B6. Status of Corporate Proposals on the issuance of 10,065,000 new shares pursuant to the proposed private placement of up to 49,480,000 new ordinary shares in Handal Energy Berhad, which represent up to 20% of the total number of issued shares of Handal ("Proposed Private Placement").

**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.

**The result of the current quarter ended 31 March 2021**

For 3 Months Period ended 31 March 2021	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	-	7,199	4,113	241	-	11,553
Inter-segment	-	-	-	-	-	-
<b>Total revenue</b>	-	<b>7,199</b>	<b>4,113</b>	<b>241</b>	-	<b>11,553</b>
<b>Results</b>						
Gross Profit	-	2,549	4,146	471	-	7,166
GP Margin	-	35%	101%	195%	-	62%
Other operating income	-	45	2	9	-	56
Administrative and Other operation expenses	1,045	(5,946)	(765)	(298)	-	(5,964)
Impairment loss on trade receivables	-	-	-	-	-	-
Depreciation	(99)	(378)	(122)	(33)	-	(632)
Finance cost	-	(258)	(122)	(65)	-	(445)
Impairment losses	-	-	-	-	-	-
Share of results in a joint venture	-	-	-	-	-	-
<b>Profit/ (Loss) before tax</b>	<b>946</b>	<b>(3,988)</b>	<b>3,139</b>	<b>84</b>	-	<b>181</b>
Taxation	-	(41)	(1)	(16)	-	(58)
<b>Profit/ (Loss) after tax</b>	<b>946</b>	<b>(4,029)</b>	<b>3,138</b>	<b>68</b>	-	<b>123</b>
<b>Assets</b>						
Segment assets	<b>3,418</b>	<b>69,299</b>	<b>22,182</b>	<b>74,971</b>	<b>(41,108)</b>	<b>128,762</b>
<b>Liabilities</b>						
Segment liabilities	<b>948</b>	<b>23,946</b>	<b>21,882</b>	<b>18,250</b>	<b>(16,129)</b>	<b>48,897</b>

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

For the period ended 31 March 2021

Financial Period ended 31 March 2021	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	-	29,142	16,645	2,111	-	47,898
Inter-segment	-	17	-	-	(17)	-
<b>Total revenue</b>	-	<b>29,159</b>	<b>16,645</b>	<b>2,111</b>	<b>(17)</b>	<b>47,898</b>
<b>Results</b>						
Gross Profit	-	8,948	9,289	938	-	19,175
GP Margin	-	31%	56%	44%	-	40%
Other operating income	2,782	415	5	42	-	3,244
Administrative and Other operation expenses	(2,784)	(11,088)	(2,121)	(1,086)	-	(17,079)
Impairment loss on trade receivables	-	-	-	-	-	-
Depreciation	(413)	(1,181)	(401)	(89)	-	(2,084)
Finance cost	(4)	(858)	(247)	(85)	-	(1,194)
Impairment losses	-	-	-	-	-	-
Share of results in a joint venture	-	-	-	-	-	-
<b>Profit/(Loss) before tax</b>	<b>(419)</b>	<b>(3,764)</b>	<b>6,525</b>	<b>(280)</b>	-	<b>2,062</b>
Taxation	-	(162)	(93)	19	-	(236)
<b>Profit/(Loss) after tax</b>	<b>(419)</b>	<b>(3,926)</b>	<b>6,432</b>	<b>(261)</b>	-	<b>1,826</b>
<b>Assets</b>						
Segment assets	<b>3,418</b>	<b>69,299</b>	<b>22,182</b>	<b>74,971</b>	<b>(41,108)</b>	<b>128,762</b>
<b>Liabilities</b>						
Segment liabilities	<b>948</b>	<b>23,946</b>	<b>21,882</b>	<b>18,250</b>	<b>(16,129)</b>	<b>48,897</b>

**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.

**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 31 March 2021.

**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 RM347,128, based on the audited net assets. 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.

**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.

On 6 August 2020, the 1<sup>st</sup> to 3<sup>rd</sup> Defendants filed an affidavit to oppose the Originating Summons and to reply to the allegations raised by Tracy Chang and Brian Chang ("the Defendants' Affidavit in Reply").

The Plaintiffs filed their Affidavit in Reply on 22 September 2020 ("the Plaintiffs' 2<sup>nd</sup> Affidavit"). The 1<sup>st</sup> to 3<sup>rd</sup> Defendants then requested for leave from Court to file a further Affidavit in Reply. The Judge, via a letter dated 8 October 2020 allowed the Defendants' request.

On 15 October 2020, the 1<sup>st</sup> to 3<sup>rd</sup> Defendants filed the Defendants' Affidavit in Reply (No.2).

On 5 November 2020 the Plaintiffs filed the Plaintiffs' 3<sup>rd</sup> Affidavit (affirmed by Tracy Chang), the Plaintiffs' 4<sup>th</sup> Affidavit (affirmed by Emily Soon) and then Plaintiffs' 5<sup>th</sup> Affidavit (affirmed by Luke Chang).

Parties filed their respective Written Submissions and Bundles of Authorities on 23 November 2020. Parties then filed their respective Reply Submissions on 7.12.2020

Hearing for this action was fixed for 10 May 2021 before the Judge in the Commercial Division of the Kuala Lumpur High Court.

The hearing on 10 May 2021 was partially heard whereby the Defendants' Counsel's reply has been fixed for 28 May 2021.

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)****A15. Material Litigation (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 successfully served the court document on the Defendants in Singapore and the British Virgin Islands.

On 15 December 2020, the Defendants solicitors entered appearance on their behalf in this suit.

On 28 December 2020, the Defendants’ solicitors filed an application to stay proceedings including the filing of the Defence on the basis that the suit should be referred to arbitration (the “Stay Application”). The affidavit in support of the Stay Application was affirmed by Tracy Chang on 11 January 2021.

On 25 January 2021 the Plaintiffs’ filed an Affidavit in Reply to oppose the Stay Application, and in turn the Defendants filed the Defendants’ Affidavit in Reply on 8 February 2021.

On 19 February 2021, the Plaintiffs filed a further Affidavit in Reply to address certain matters raised in the Defendants’ Affidavit in Reply.

On 23 February 2021, the Plaintiffs filed a Notice of Discontinuance in respect of the 2<sup>nd</sup> Plaintiff, Borneo Seaoffshore Engineering Sdn Bhd. On this same day, the Defendants filed Written Submissions in respect of the Stay Application.

The said application was heard on 22 March 2021 whereby the Defendants’ application was dismissed with no order as to costs. Dissatisfied with the dismissal, the Defendants have filed an appeal to the Court of Appeal on 2 April 2021. The appeal has yet to be set down for hearing but in the meantime, the Defendants have filed a stay of proceedings in the High Court pending the resolution of the said appeal. This Stay of Proceedings application has been fixed for hearing on 28 June 2021.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA MALAYSIA SECURITIES BERHAD**
**B1. Review of Performance**
**(a) Current Quarter (Q3 FY2021) vs Preceding Quarter (Q3 FY2020)**

	Individual Period		Variance	
	Current Quarter	Preceding Quarter		
	31 March 2021	31 March 2020		
	RM' 000	RM' 000	RM' 000	%
Revenue	11,553	12,742	(1,189)	(9)
Gross Profit	7,166	691	6,475	937
Profit Before Interest and Tax	626	(9,953)	10,579	(106)
Profit Before Tax	181	(10,483)	10,664	(102)
Profit After Tax	123	(10,547)	10,671	(101)

The Group's revenue decreased by RM1.2 million or 9% from RM 12.7 million in the corresponding quarter to RM 11.6 million in the current quarter. The decrease was mainly due to lower revenue from integrated crane rental services as compared to the corresponding quarter, offset by higher revenue from pipeline engineering services. 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 administrative and other operating expenses decreased by RM4.3 million or 42% from RM10.2 million in the corresponding quarter to RM 6.0 million in the current quarter mainly due to lower salary cost and other operating expenses.

Consequently, the Group recorded a profit after tax (before minority interest) of RM0.1 million as compared to loss after tax (before minority interest) of RM10.5 million registered in the preceding year corresponding quarter.

**Review of Performance by segments**
**(i) Integrated Crane Services**

The revenue of this business segment has decreased by RM0.9 million or 11% from RM8.1 million in previous year corresponding quarter to RM7.2 million in the current quarter. The decrease was mainly contributed by the overhaul maintenance and crane rental activities as result of deferment of customers' offshore activities. The gross profit for the current quarter was RM2.5 million and loss after tax was RM4.0 million.

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

**B1. Review of Performance (Continued)**

(ii) Pipeline Engineering Services

The revenue of this business segment has increased by RM0.6 million or 17% from RM3.5 million in previous year corresponding quarter to RM4.1 million in the current quarter. The increase in revenue from last quarter mainly attributable to increase in revenue from pig trap maintenance and operational pigging work as compared to the preceding year corresponding quarter. Included in the preceding year corresponding quarter's revenue are the adjustment in relation to revenue in prior years. Included in the cost of sales for the current quarter is the reversal of over accrual of cost in prior year. Consequently, the gross profit reported for current quarter of RM4.2 million and profit after tax of RM3.2 million.

(iii) Investment holding and other businesses

The gross profit reported for current quarter is RM0.47 million and profit after tax is RM1.0 million.

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

	Cumulative Period		Variance	
	Current Period to Date	Preceding Year Corresponding Period		
	31 March 2021	31 March 2020	RM' 000	%
	RM' 000	RM' 000	RM' 000	%
Revenue	47,898	71,322	(23,424)	(33)
Gross Profit	19,175	20,772	(1,597)	(8)
Profit Before Interest and Tax	3,255	(5,149)	8,404	(163)
Profit Before Tax	2,062	(6,608)	8,670	(131)
Profit After Tax	1,826	(6,672)	8,498	(127)

The Group's revenue decreased by RM23.4 million or 33% from RM71.3 million in the corresponding period to RM47.9 million in the current period. The lower revenue mainly from pipeline isolation work and crane rental services.

The administrative and other operating expenses decrease by RM9.4 million or 36% from RM26.5 million in the corresponding period to RM17.1 million in the current period.

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

Included in the profit before tax is income from shortfall of profit guarantee upon acquisition of a subsidiary amounting to RM2.7 million. Consequently, the Group recorded a profit after tax (before minority interest) of RM1.8 million as compared to loss after tax (before minority interest) of RM6.7 million in the preceding corresponding year.

The performance of the respective operating business segments for period ended 31 March 2021 as compared to the preceding year is analysed as follows: -

(i) Integrated Crane Services

The revenue of this business segment has decreased by RM9.1 million or 24% from RM38.2 million in previous year corresponding period to RM29.1 million in the current period. The decrease was mainly contributed by the overhaul maintenance and crane rental activities as result of deferment of our customers' offshore activities. The gross profit reported for current period of RM8.9 million and loss after tax of RM3.9 million.

(ii) Pipeline Engineering Service

The revenue of this business segment has decreased by RM13.8 million or 45% from RM30.5 million in previous year corresponding period to RM16.6 million in the current period. The decrease was mainly by piping isolation work and riser section replacement work. The gross profit reported for current period of RM9.3 million and profit after tax of RM6.4 million.

(iii) Investment Holding and Other Businesses

There was an income from shortfall of profit guarantee amounting to RM2.7 million included as other income in the investment holding company and income from other businesses. The gross profit reported for current period of RM0.9 million and loss after tax of RM0.68 million.



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

**B1. Review of Performance (Continued)**

	Individual Quarter		Variance	
	Current Quarter Ended	Immediate Preceding Quarter Ended		
	31 March 2021	31 December 2020	RM' 000	%
	RM' 000	RM' 000	RM' 000	%
Revenue	11,553	19,313	(7,761)	(40)
Gross Profit / (Loss)	7,166	5,212	1,954	37
Profit / (Loss) Before Interest and Tax	626	1,987	(1,361)	(68)
Profit / (Loss) Before Tax	181	1,576	(1,395)	(89)
Profit / (Loss) After Tax	123	1,552	(1,429)	(92)

The Group posted a profit after tax (before minority interest) of RM0.1 million in the current quarter as compared to RM1.6 million registered in the immediate preceding quarter. The Group's revenue for the reporting quarter was RM11.6 million, a decrease of 8% compared to RM19.3 million recorded in the immediate preceding quarter. The profit after tax is lower by RM1.4 million in the current quarter was mainly due to income from the shortfall of profit guarantee upon acquisition of a subsidiary amounting to RM 2.7 million during the immediate preceding quarter.

**B3. Prospects**

The outlook of oil and gas industry remains challenging in short to medium term with the continued uncertainty arising from Covid-19 pandemic. Whilst some recovery of oil price has been seen in the past few months, the industry is still constrained with major oil and gas exploration activities and capital expenditure being deferred due to uncertainty arising from Covid-19 pandemic.

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;

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

- 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;
- 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; and
- e) Contract from Malaysia LNG Sdn Bhd (“MLNG”) for the provision of pipeline isolation services for a duration of 14 months with a one (1) year extension option.

With 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.

**B5. Taxation**

	Current Year Quarter 1 Jan 2021 to 31 March 2021 RM'000	Preceding Year Corresponding Quarter 1 Jan 2020 to 31 March 2020 RM'000	Current Period To Date 1 July 2020 to 31 March 2021 RM'000	Preceding Year Corresponding Period 1 July 2019 to 31 March 2020 RM'000
Current tax	58	64	236	64
	<u>58</u>	<u>64</u>	<u>236</u>	<u>64</u>

The Group effective tax rate is lower than the statutory tax rate of 24% due to reversal of overprovision of tax in prior year during the period.

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

**B6. Status of Corporate Proposals**

On 12 January 2021, the Group has announced a proposal to issue up to 49,480,000 new ordinary shares in Handal Energy Berhad, which represent up to 20% of the total number of issued shares of Handal ("Proposed Private Placement").

The first (1<sup>st</sup>) Tranche Placement has been completed following the listing of and quotation of 9,000,000 Placement Shares on the Main Market of Bursa Securities on 9 March 2021.

The second (2<sup>nd</sup>) Tranche Placement has been completed following the listing of and quotation of 1,065,000 shares Placement Shares on the Main Market of Bursa Securities on 19 March 2021.

In terms of utilization of funds from the placement shares, the Group has utilized it for the following: -

- (a) Working capital to finance the Group's payment to suppliers and sub-contractors as part of its business operations; and
- (b) The estimated expenses consist of professional fees, fees payable to authorities, placement fees and other miscellaneous expenses to be incurred in relation to the Proposed Private Placement.

Subsequent to 30 March 2021, the third (3<sup>rd</sup>) Tranche Placement has been completed following the listing of and quotation of 1,100,000 shares Placement Shares on the Main Market of Bursa Securities on 26 April 2021.

**B7. Borrowings and Debt Securities**

	<b>As at 31 March 2021 RM'000</b>	<b>As at 30 June 2020 RM'000</b>
<b>Short term borrowings- Secured</b>		
Bank overdrafts	19,611	16,277
Trade financing	1,442	13,594
Lease Liabilities	481	1,274
	21,534	31,145
<b>Long term borrowings- Secured</b>		
Lease Liabilities	1,316	1,225
	1,316	1,225
<b>Total Borrowings</b>	<b>22,850</b>	<b>32,370</b>

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B7. Borrowings and Debt Securities (Continued)**

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 31 March 2021.

**B10. Earning Per Share**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Quarter Ended	Current Period to Date	Preceding Period to Date
	RM'000	RM'000	RM'000	RM'000
<b>Basic Earning Per Share</b>				
Loss for the period attributable to equity holders of the company	(1,414)	(10,591)	(1,330)	(7,899)
Weighted average of ordinary shares in issued ("000)	220,834	218,516	219,281	218,516
Loss Per Share (Sen)	<u>(0.64)</u>	<u>(4.85)</u>	<u>(0.61)</u>	<u>(3.61)</u>

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

**B11. Profit before Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Quarter Ended	Current Period to Date	Preceding Period to Date
	RM'000	RM'000	RM'000	RM'000
This is arrived at after (crediting)/ charging:				
Interest Income	(28)	(148)	(193)	(347)
Interest expenses	445	530	1,194	1,458
Foreign exchange (gain)/loss	(3)	(4)	21	16
Fair value changes in financial assets at fair value through profit or loss	1	(2)	(1)	(63)
(Gain)/loss on disposal of property, plant	-	21	(1)	22
Gain on disposal of a subsidiary	-	-	-	(1,933)
Depreciation	632	735	2,084	2,079
Property, plant and equipment write off	-	4	-	7