

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 30 JUNE 2021**

	Individual Quarter		Cumulative Year	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	1 April 2021 to 30 June 2021	1 April 2020 to 30 June 2020	1 July 2021 to 30 June 2021	1 July 2019 to 30 June 2020
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	25,792	16,022	73,690	87,344
Cost of sales and services	(17,384)	(16,788)	(46,108)	(67,338)
<b>Gross profit</b>	8,408	(766)	27,582	20,006
Other operating income	84	212	3,103	954
Administration and other operating expenses	(6,738)	(5,830)	(23,592)	(32,348)
Depreciation	(718)	(1,482)	(2,802)	(3,561)
Finance costs	(395)	(661)	(1,589)	(2,119)
Share of results in joint venture	-	(139)	-	(139)
Impairment loss on trade receivables	(226)	(425)	(226)	(425)
Impairment loss on investment in joint venture	-	(10,608)	-	(10,608)
Gain on disposal of a subsidiary (Note 1)	-	-	-	1,933
<b>Profit/(loss) before taxation</b>	415	(19,699)	2,476	(26,307)
Income tax expense	526	21	290	(43)
<b>Profit/(loss) after tax for the period</b>	941	(19,678)	2,766	(26,350)
<b>Other comprehensive income</b>	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-
<b>Total comprehensive profit/(loss) for the period</b>	<b>941</b>	<b>(19,678)</b>	<b>2,766</b>	<b>(26,350)</b>
<b>Total comprehensive profit attributable to:</b>				
Equity holders of the parent	1,558	(17,389)	227	(25,288)
Non-controlling Interest	(617)	(2,289)	2,539	(1,062)
	<b>941</b>	<b>(19,678)</b>	<b>2,766</b>	<b>(26,350)</b>
Weighted average no. of ordinary shares in issue ('000) (Note 2)	229,375	218,516	221,796	218,516
(Loss)/ Earning per share attributable to Owners of the Company				
- Basic (sen)	0.68	(7.96)	0.10	(11.57)
(Loss)/ Earning per share - Diluted (sen)	0.68	(7.96)	0.10	(11.57)

**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*

## HANDAL ENERGY BERHAD

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

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Unaudited As at 30 June 2021 RM'000	Restated As at 30 June 2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	30,988	30,827
Right of Use Assets	600	1,170
Intangible assets (Note 1)	39,827	39,827
	71,415	71,824
<b>Current Assets</b>		
Inventories	9,226	10,054
Trade receivables	17,906	15,980
Other receivables	8,755	5,404
Contract cost assets	9,877	2,034
Tax recoverable	277	908
Short term investment	102	100
Fixed deposits with licensed banks	13,352	20,193
Cash in hand and at bank	449	1,946
	59,944	56,619
<b>Total Assets</b>	<b>131,359</b>	<b>128,444</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	103,045	100,469
Irredeemable Convertible Preference Shares	9,408	9,408
Treasury shares	(72)	(72)
Accumulated losses	(31,050)	(31,277)
Equity attributable to owners of the Company	81,331	78,528
Non-controlling interests	1,633	(8,011)
<b>Total equity</b>	82,964	70,517
<b>Non-current liabilities</b>		
Borrowings	-	-
Lease liabilities	584	1,225
Deferred taxation	(1,524)	(863)
	(940)	362
<b>Current Liabilities</b>		
Trade payables	18,162	18,520
Other payables	11,780	7,800
Lease liabilities	1,253	1,274
Short term borrowings	17,601	29,871
Amount owing to a Director	108	100
Current tax liabilities	431	46
	49,335	57,565
Liabilities directly associated with non-current assets classified as held-for-sale	-	-
	49,335	57,565
<b>Total liabilities</b>	48,395	57,927
<b>Total equity and liabilities</b>	<b>131,359</b>	<b>128,444</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 30 JUNE 2021**

For 12 months ended 30 June 2021	Attributable to equity holders of the Company						
	Non-distributable Irredeemable		Distributable		Total	Non- controlling Interest	Total Equity
	Share Capital	Convertible Preference Shares	Treasury Shares	Accumulated Losses			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance as at 1 July 2020</b>	100,469	9,408	(72)	(31,277)	78,528	(8,011)	70,517
Issue of new share capital via private placement, net of transaction costs	2,576	-	-	-	2,576	-	2,576
Total comprehensive profit for the year	-	-	-	227	227	2,539	2,766
Acquisition of addition equity interest from non-controlling interest	-	-	-	-	-	7,105	7,105
Non-controlling interest arising on business combination	-	-	-	-	-	-	-
<b>Balance as at 30 June 2021</b>	<b>103,045</b>	<b>9,408</b>	<b>(72)</b>	<b>(31,050)</b>	<b>81,331</b>	<b>1,633</b>	<b>82,964</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.

	Current Year To Date 1 July 2020 to 30 June 2021 RM'000	Preceding Year Corresponding Period 1 July 2019 to 30 June 2020 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	2,476	(26,307)
Adjustments for:		
Depreciation of property, plant and equipment	1,799	3,561
Depreciation of right-of-use assets	1,002	-
Interest income	(255)	(395)
Interest expense	1,589	1,837
Fair value changes on financial assets at fair value through profit or loss	-	(112)
(Gain)/Loss on disposal of property, plant and equipment	(1)	358
Loss on disposal of investment in a subsidiary company	-	(1,933)
Impairment of investment in joint venture	-	10,608
Impairment of trade receivables	226	562
Share of results in joint venture	-	-
Write-off of:	-	-
- Property, plant and equipment	-	7
Operating loss before changes in working capital	6,837	(11,814)
Changes in working capital:		
Inventories	828	(2,760)
Trade and other receivables	(13,174)	28,210
Contract cost assets	(82)	(9,754)
Contract cost liabilities	5,244	-
Trade and other payables	(1,630)	(14,517)
Amount owing (by)/to related parties	7,105	-
Amount owing by director	(1)	-
Net cash generated from operations	5,127	(10,635)
Interest received	253	395
Interest paid	(1,589)	(1,837)
Tax paid	(196)	(1,141)
Tax refund	857	-
Net cash generated/ (used in) from operating activities	4,452	(13,218)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of financial assets at fair value through profit or loss	-	4,709
Proceeds from disposal of property, plant and equipment	75	23
Construction of PPE	528	-
Proceeds from disposal of non-current assets held for sale	-	3,958
Purchase of property, plant and equipment	(1,909)	(3,174)
Acquisition of subsidiary companies, net of cash acquired	(323)	(6,684)
Private placement exercise	2,576	-
Net cash (used in)/ generated from investing activities	947	(1,168)

*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 JUNE 2021**

	Current Year To Date	Preceding Year Corresponding Period
	1 July 2020 to 30 June 2021	1 July 2019 to 30 June 2020
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
(Increase)/ decrease in pledged fixed deposits	6,841	(2,559)
Repayment (advance) to a Director	-	-
Issuance of capital consideration	-	-
(Repayment of)/Drawdown from trade financing	(12,208)	80
Repayment of lease liabilities and borrowings	(1,335)	8,331
<b>Net cash generated from/(used in) financing activities</b>	<b>(6,702)</b>	<b>5,852</b>
Net (decrease)/increase in cash and cash equivalents	(1,303)	(8,534)
Cash and cash equivalents at the beginning of the financial year/period	(14,331)	(5,884)
<b>Cash and cash equivalents at the end of the financial year/period</b>	<b>(15,634)</b>	<b>(14,418)</b>
Cash and cash equivalents at the end of the financial year/period comprises:		
Cash and bank balances	449	1,859
Fixed deposits	13,352	20,086
Bank overdrafts	(16,083)	(16,277)
	(2,282)	5,668
<b>Less: Fixed deposits pledged with licensed banks</b>	<b>(13,352)</b>	<b>(20,086)</b>
	<b>(15,634)</b>	<b>(14,418)</b>

*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.

The consolidated Statement of Financial Position for the financial year ended 30 June 2020 has been retrospectively adjusted in accordance to MRFS3 -Business Combination , after reassessing the fair value of net assets acquired from the acquisition of Borneo Seaoffshore Engineering Sdn Bhd

**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.



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

**A8. Segmental Information (Continued)**

(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.

**The result of the current quarter ended 30 June 2021**

For 3 months period ended 30 June 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	-	9,509	15,167	1,116	0	25,792
Inter-segment	-	-	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>9,509</b>	<b>15,167</b>	<b>1,116</b>	<b>0</b>	<b>25,792</b>
<b>Results</b>						
Gross Profit	-	1,535	6,296	577	0	8,408
GP Margin	-	16%	42%	52%	-	33%
Other operating income	2	(82)	94	70	0	84
Administrative and Other operation expenses	1,165	(417)	(7,156)	(330)	0	(6,738)
Depreciation	(260)	(311)	(117)	(29)	0	(718)
Finance cost	(16)	(259)	(88)	(32)	0	(395)
Impairment loss on trade receivables	0	(226)	0	0	0	(226)
Share of results in a joint venture	0	0	0	0	0	-
<b>Profit/(Loss) before tax</b>	<b>891</b>	<b>240</b>	<b>(971)</b>	<b>255</b>	<b>-</b>	<b>415</b>
Taxation	-	811	(285)	0.00	-	526
<b>Profit/(Loss) after tax</b>	<b>891</b>	<b>1,052</b>	<b>(1,257)</b>	<b>255</b>	<b>-</b>	<b>941</b>
<b>Assets</b>						
Segment assets	108,923	108,003	39,041	7,678	(132,285)	131,359
<b>Liabilities</b>						
Segment liabilities	1,309	51,922	21,271	66,491	(92,598)	48,395

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

**A8. Segmental Information (Continued)**

The result of the financial period ended 30 June 2021

Financial Period ended 30 June 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	-	38,651	31,811	3,228	-	73,690
Inter-segment	-	17	-	-	(17)	-
<b>Total revenue</b>	<b>-</b>	<b>38,668</b>	<b>31,811</b>	<b>3,228</b>	<b>(17)</b>	<b>73,690</b>
<b>Results</b>						
Gross Profit	-	10,483	15,584	1,514	-	27,582
GP Margin	-	27%	49%	47%	-	37%
Other operating income	2,784	108	99	112	-	3,103
Administrative and Other operation expenses	(1,619)	(11,280)	(9,277)	(1,417)	-	(23,592)
Depreciation	(672)	(1,493)	(517)	(118)	-	(2,802)
Finance cost	(20)	(1,117)	(335)	(117)	-	(1,589)
Impairment loss on trade receivables	-	(226)	-	-	-	(226)
<b>Profit/(Loss) before tax</b>	<b>472</b>	<b>(3,524)</b>	<b>5,554</b>	<b>(26)</b>	<b>-</b>	<b>2,476</b>
Taxation	-	649	(377)	19	-	290
<b>Profit/(Loss) after tax</b>	<b>472</b>	<b>(2,874)</b>	<b>5,176</b>	<b>(7)</b>	<b>-</b>	<b>2,766</b>
<b>Assets</b>						
Segment assets	<b>108,923</b>	<b>108,003</b>	<b>39,041</b>	<b>7,678</b>	<b>(132,285)</b>	<b>131,359</b>
<b>Liabilities</b>						
Segment liabilities	<b>1,309</b>	<b>51,922</b>	<b>21,271</b>	<b>66,491</b>	<b>(92,598)</b>	<b>48,395</b>

The presentation of segmental information for current financial quarter has no changes compared to preceding quarters

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)****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 June 2021

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

On 1 July 2020, the Company signed a shares sale agreement with Seaoftshore Capital Sdn Bhd (a company controlled by the Directors of the Company) for acquisition of 100% interests in Borneo Seaoftshore 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.

Effective 11<sup>th</sup> May,2021 the Company completed acquisition of 15% Handal Fabrication Sdn Bhd shares at purchase consideration of RM 150,000 for 150,000 shares. Handal Fabrication become a 100% owned by the Company.

**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.

**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.

Name of Related Parties	Nature of transaction	Amount (RM'000)
Seaoftshore Engineering Sdn Bhd	Provision of services for Hot Section Exchange program for Gas Turbine Generator at KLIA District Cooling Plant.	1,949

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

On 3 August 2020, the Company and its two subsidiaries, Borneo Seashore 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 Mono-Column Platform (“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 2nd Plaintiff, Borneo Seashore 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 was heard and allowed on 28 June 2021.

A case management in the Court of Appeal has been fixed on 1 September 2021 and a case management in the High Court has been fixed on 2 September 2021.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance****(a) Current Quarter (Q4 FY2021) vs Preceding Quarter (Q4 FY2020)**

	Individual Period		Variance	
	Current Quarter	Preceding Quarter		
	30 June 2021	30 June 2020		
	RM' 000	RM' 000	RM' 000	%
Revenue	25,792	16,022	9,770	61
Gross Profit	8,408	(766)	9,174	(1,198)
Profit Before Interest and Tax	810	(19,038)	19,848	(104)
Profit Before Tax	415	(19,699)	20,114	(102)
Profit After Tax	941	(19,678)	20,619	(105)

The Group's revenue increased by RM 9.7 million or 61% from RM 16.0 million in the corresponding quarter to RM 25.7 million in the current quarter. The increase was mainly due to higher revenue from pipeline engineering services mainly from the pipeline isolation project which contributes about RM 7.0 mill of revenue.

The administrative and other operating expenses increased by RM 0.9 million or 15% from RM 5.8 million in the corresponding quarter to RM6.7 million in the current quarter mainly due to under accrual of administrative expenses in previous quarters, higher staff related cost and other operating expenses.

Consequently, the Group recorded a profit after tax (before minority interest) of RM0.9 million as compared to loss after tax (before minority interest) of RM19.6 million registered in the preceding year corresponding quarter.

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

The revenue of this business segment has increased by RM2.1 million or 28% from RM7.4 million in previous year corresponding quarter to RM9.5 million in the current quarter. The increase was mainly contributed by the yearly overhaul maintenance revenue recognized during the quarter. The gross profit for the current quarter was RM1.5 million and profit after tax was RM1.0 million.

**(ii) Pipeline Engineering Services**

The revenue of this business segment has increased by RM6.5 million or 75% from RM8.7 million in previous year corresponding quarter to RM15.1 million in the current quarter. The increase in revenue from last quarter mainly attributable to increase in revenue from pipeline isolation and operational pigging work as compared to the preceding year corresponding quarter. The gross profit reported for current quarter is RM6.2 million and loss after tax of RM1.3 million.

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

The gross profit reported for current quarter is RM0.57 million and profit after tax is RM1.14 million.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B1. Review of Performance (Continued)****(b) Current Year to Date vs Preceding Year**

	Cumulative Period		Variance	
	Current Year to Date	Preceding Year		
	30 June 2021	30 June 2020	RM' 000	%
	RM' 000	RM' 000		
Revenue	73,690	87,344	(13,654)	(16)
Gross Profit	27,582	20,006	7,576	38
Profit Before Interest and Tax	4,065	(24,188)	28,253	(117)
Profit Before Tax	2,476	(26,307)	28,783	(109)
Profit After Tax	2,766	(26,350)	29,116	(110)

The Group's revenue decreased by RM13.6 million or 16% from RM87.3 million in the corresponding year to RM73.6 million in the current financial year. The lower revenue mainly from the crane rental services and pipeline isolation.

The administrative and other operating expenses decreased by RM 8.7 million or 27% from RM32.3 million in the corresponding period to RM23.6 million in the current year.

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 RM2.7 million as compared to loss after tax (before minority interest) of RM26.4 million in the preceding corresponding year.

The performance of the respective operating business segments for period ended 30 June 2021 as compared to the preceding year is analysed as follows: -

**(i) Integrated Crane Services**

The revenue of this business segment has decreased by RM6.9 million or 15% from RM45.6 million in previous year corresponding period to RM38.7 million in the current period. The decrease was mainly contributed by the crane manufacturing and crane rental activities as result of deferment of our customers' offshore activities. The gross profit reported for current period of RM10.4 million and loss after tax of RM2.8 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 Service**

The revenue of this business segment has decreased by RM7.3 million or 19% from RM39.1 million in previous year corresponding period to RM31.8 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 RM15.5 million and profit after tax of RM5.1 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 financial year of RM1.5 million and profit after tax of RM0.46 million.

**B2. The Quarterly Results Compared to The Results of The Preceding Quarter**

	Individual Quarter		Variance	
	Current Quarter Ended	Immediate Preceding Quarter Ended		
	30 June 2021	31 March 2021	RM' 000	%
	RM' 000	RM' 000	RM' 000	%
Revenue	25,792	11,553	14,240	123
Gross Profit / (Loss)	8,408	7,166	1,242	17
Profit / (Loss) Before Interest and Tax	810	626	184	29
Profit / (Loss) Before Tax	415	181	234	129
Profit / (Loss) After Tax	941	123	818	664

The Group posted a profit after tax (before minority interest) of RM0.9 million in the current quarter as compared to RM0.1 million registered in the immediate preceding quarter. The Group's revenue for the reporting quarter was RM25.7 million, an increase of 123% compared to RM11.5 million recorded in the immediate preceding quarter.



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

Whilst there is still significant uncertainty over the COVID-19 pandemic with the emergence of new variants, prices of fossil fuels and other commodities have staged a strong rally in the past year with prices exceeding pre-pandemic levels. Strong oil prices coupled with the Federal Government's drive to accelerate vaccination levels are expected to result in a boost in oil and gas activities which should cascade down to service providers such as Handal. In addition to work from new contracts, we expect to benefit from the backlog arising from deferred contracts due to the pandemic and weak oil prices.

In retrospect, our turnaround plan which was approved by our Board of Directors at the end of 2018 was very timely as the business development strategies, cost optimization measures, cashflow management and fund raising initiatives allowed us to meet the challenges from the pandemic head-on. Our efforts are reflected in this year's results, where we have broken our six year streak of losses, coming out stronger and determined to continue our efforts to improve our bottom line in the coming quarters.

Our business development strategies have started bearing fruit by securing several new contracts and also with the renewal of existing contracts. We attribute this to Handal's operational excellence processes as part of our turnaround drive that has resulted in successful delivery despite the global challenges due to the pandemic. Some of the recent new and renewed contracts are set out as follows:

- 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;
- 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;
- 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;
- f) Extension of Contract from Petronas Carigali Sdn Bhd ("**PCSB**") for the provision of engineering, procurement, fabrication, installation, commissioning, inspection and maintenances works for Pig Trap System for a duration of one (1) year effective from 23<sup>rd</sup> July 2021 until 22<sup>nd</sup> July 2022;
- g) Contract from PTTEP HK Offshore Ltd and/or PTTEP Sabah Oil Ltd and/or PTTEP Sarawak Oil Ltd ("**PTTEP**") for the provision of 2021 Sarawak (SK) turnaround management and coordination services for duration of one (1) year; and

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

**B3. Prospects (continued)**

h) Contract from ExxonMobil Exploration and Production Malaysia Inc. (“EMEPMI”) for the provision of crane operation and maintenance services for a duration of five (5) years effective from 15<sup>th</sup> June 2021 until 14<sup>th</sup> June 2026.

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 April 2021 to 30 June 2021 RM'000	Preceding Year Corresponding Quarter 1 April 2020 to 30 June 2020 RM'000	Current Year To Date 1 July 2020 to 30 June 2021 RM'000	Preceding Year Corresponding Period 1 July 2019 to 30 June 2020 RM'000
Deferred Tax	649	-	649	-
Current tax	<u>(123)</u>	<u>21</u>	<u>(359)</u>	<u>(43)</u>
	<u>526</u>	<u>21</u>	<u>290</u>	<u>(43)</u>

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

**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.

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.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B6. Status of Corporate Proposals (continued)**

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.

**B7. Borrowings and Debt Securities**

	As at 30 June 2021 <u>RM'000</u>	As at 30 June 2020 <u>RM'000</u>
<b>Short term borrowings- Secured</b>		
Bank overdrafts	16,083	16,277
Trade financing	1,386	13,594
Lease Liabilities	<u>1,385</u>	<u>1,274</u>
	18,854	31,145
<b>Long term borrowings- Secured</b>		
Lease Liabilities	<u>584</u>	<u>1,225</u>
	584	1,225
<b>Total Borrowings</b>	<u><b>19,438</b></u>	<u><b>32,370</b></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 June 2021.

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

**B10. Earnings Per Share**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Quarter Ended	Current Year to Date	Preceding Year to Date
	RM'000	RM'000	RM'000	RM'000
<b>Basic Earning Per Share</b>				
Earning/(Loss) for the period attributable to equity holders of the company	1,558	(17,389)	227	(25,288)
Weighted average of ordinary shares in issued ("000)	229,375	218,516	221,796	218,516
Earning/(Loss) Per Share (Sen)	<u>0.68</u>	<u>(7.96)</u>	<u>0.10</u>	<u>(11.57)</u>

**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	(113)	(109)	(255)	(457)
Interest expenses	395	661	1,589	2,119
Foreign exchange (gain)/loss	6	(54)	(4)	201
Fair value changes in financial assets at fair value through profit or loss	-	-	-	65
(Gain)/loss on disposal of property,	-	-	(1)	22
Gain on disposal of a subsidiary	-	-	-	1,933
Depreciation	718	1,482	2,802	3,561
Property, plant and equipment write off	-	-	-	7
Impairment loss on investment in joint vendute	-	10,608	-	10,608
Impairment loss on trade receivable	226	425	226	425