

HANDAL ENERGY BERHAD
(Company Registration No. 200801015549 (816839-X))
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021**

	Individual Quarter		Cumulative Year	
	Current Year	Preceding Year	Current Year To Date	Preceding Year
	Quarter	Corresponding		Period
	1 July 2021 to 30 September 2021	1 July 2020 to 30 September 2020	1 July 2021 to 30 September 2021	1 July 2020 to 30 September
	RM'000	RM'000	RM'000	RM'000
Revenue	9,131	17,032	9,131	17,032
Cost of sales and services	(6,881)	(10,235)	(6,881)	(10,235)
Gross profit	2,250	6,797	2,250	6,797
Other operating income	189	189	189	189
Administration and other operating expenses	(5,583)	(5,561)	(5,583)	(5,561)
Depreciation	(487)	(783)	(487)	(783)
Finance costs	(262)	(337)	(262)	(337)
(Loss)/Profit before taxation	(3,893)	305	(3,893)	305
Income tax expense	736	(153)	736	(153)
(Loss)/Profit after tax for the period	(3,157)	152	(3,157)	152
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive (loss)/profit for the period	(3,157)	152	(3,157)	152
Total comprehensive loss attributable to:				
Equity holders of the parent	(3,146)	(371)	(3,146)	(371)
Non-controlling Interest	(11)	523	(11)	523
	(3,157)	152	(3,157)	152
Weighted average no. of ordinary shares in issue ('000) (Note 1)	231,091	218,516	231,091	218,516
(Loss)/ Earning per share attributable to Owners of the Company				
- Basic (sen)	(1.36)	(0.17)	(1.36)	(0.17)
(Loss)/ Earning per share - Diluted (sen)	(1.36)	(0.17)	(1.36)	(0.17)

Notes:

1. 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 2021 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 SEPTEMBER 2021**

	Unaudited As at 30 September 2021 RM'000	Audited As at 30 June 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,757	30,934
Right of Use Assets	735	769
Intangible assets (Note 1)	41,538	41,538
	<u>73,030</u>	<u>73,242</u>
Current Assets		
Inventories	9,200	9,226
Trade receivables	20,885	16,831
Other receivables	11,904	13,262
Contract cost assets	896	7,679
Tax recoverable	259	393
Short term investment	39	102
Fixed deposits with licensed banks	12,568	13,381
Cash in hand and at bank	398	449
	<u>56,149</u>	<u>61,323</u>
Total Assets	<u>129,179</u>	<u>134,564</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	103,303	103,045
Irredeemable Convertible Preference Shares	9,408	9,408
Employees share options scheme ("ESOS") reserve	441	441
Treasury shares	(72)	(72)
Accumulated losses	(34,358)	(31,211)
Equity attributable to owners of the Company	78,722	81,610
Non-controlling interests	118	129
Total equity	<u>78,840</u>	<u>81,739</u>
Non-current liabilities		
Lease liabilities	506	1,104
Deferred taxation	991	1,841
	<u>1,497</u>	<u>2,945</u>
Current Liabilities		
Trade payables	24,581	25,304
Other payables	5,998	6,041
Lease liabilities	1,360	908
Short term borrowings	16,652	17,469
Amount owing to a Director	108	108
Contract liabilities	-	50
Current tax liabilities	143	1
	<u>48,842</u>	<u>49,881</u>
Total liabilities	<u>50,339</u>	<u>52,825</u>
Total equity and liabilities	<u>129,179</u>	<u>134,564</u>
Net Assets Per Share attributable to Owners of the Company (RM)	0.34	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 2021 and the accompanying notes attached to this quarterly financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

For 3 months ended 30 September 2021	Attributable to equity holders of the Company					Total	Non-controlling Interest	Total Equity
	Non-distributable Irredeemable		Distributable					
	Share Capital	Convertible Preference Shares	Treasury Shares	ESOS Reserve	Accumulated Losses			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 July 2021	103,045	9,408	(72)	441	(31,211)	81,610	129	81,739
Issue of new share capital via private placement, net of transaction costs	258	-	-	-	-	258	-	258
Total comprehensive loss for the year	-	-	-	-	(3,146)	(3,146)	(11)	(3,157)
Balance as at 30 September 2021	103,303	9,408	(72)	441	(34,357)	78,722	118	78,840

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 2021 and the accompanying notes attached to this quarterly financial report.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	Current Year To Date 1 July 2021 to 30 September 2021 RM'000	Preceding Year Corresponding Period 1 July 2020 to 30 September 2020 RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(3,893)	305
Adjustments for:		
Depreciation of property, plant and equipment	453	702
Depreciation of right-of-use assets	34	81
Interest income	(12)	(55)
Interest expense	262	337
Fair value changes on financial assets at fair value through profit or loss	-	(1)
(Gain)/Loss on disposal of property, plant and equipment	-	(2)
Operating loss before changes in working capital	(3,156)	1,367
Changes in working capital:		
Inventories	26	(49)
Trade and other receivables	(2,697)	3,700
Contract cost assets	6,783	(1,066)
Contract cost liabilities	(50)	(2,166)
Trade and other payables	(1,913)	(262)
Amount owing by director	-	(1)
Net cash generated from operations	(1,007)	1,523
Interest received	12	55
Interest paid	(262)	(337)
Tax paid	-	89
Tax refund	161	-
Net cash generated/(used in) from operating activities	<u>(1,096)</u>	<u>1,330</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	75
Private placement exercise	258	-
Placement in cash management fund	(39)	-
Purchase of property, plant and equipment	(275)	(1,758)
Acquisition of subsidiary companies, net of cash acquired	-	(424)
Disposal of financial assets at fair value through profit and loss	102	-
Net cash (used in)/ generated from investing activities	<u>46</u>	<u>(2,107)</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 2021 and the accompanying notes attached to this quarterly financial report.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021**

	Current Year To Date 1 July 2021 to 30 September 2021 RM'000	Preceding Year Corresponding Period 1 July 2020 to 30 September 2020 RM'000
Cash flows from financing activities		
Decrease/(Increase) in pledged fixed deposits	813	(249)
Drawdown from/(Repayment of) trade financing	1,951	(100)
Repayment of lease liabilities and borrowings	(147)	(278)
Net cash generated from/(used in) financing activities	<u>2,617</u>	<u>(627)</u>
Net (decrease)/increase in cash and cash equivalents	1,567	(1,404)
Cash and cash equivalents at the beginning of the financial year/period	(15,634)	(14,331)
Cash and cash equivalents at the end of the financial year/period	<u>(14,067)</u>	<u>(15,735)</u>
Cash and cash equivalents at the end of the financial year/period comprises:		
Cash and bank balances	398	434
Fixed deposits	12,568	20,442
Bank overdrafts	(14,465)	(16,169)
	<u>(1,499)</u>	<u>4,707</u>
Less: Fixed deposits pledged with licensed banks	<u>(12,568)</u>	<u>(20,442)</u>
	<u>(14,067)</u>	<u>(15,735)</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 2021 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 2021**

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 2021. 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 2021.

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 2021. 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 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 2021: -

- 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"



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2021**

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

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

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

- 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.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2021**

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 2021 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 Proposal.

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 financial period ended 30 September 2021

For 3 Months Period ended 30 September 2021	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	-	4,693	3,980	458	-	9,131
Inter-segment	-	-	-	127	(127)	-
Total revenue	-	4,693	3,980	585	(127)	9,131
Results						
Gross Profit	-	690	1,274	286	-	2,250
GP Margin	-	15%	32%	49%	-	25%
Other operating income	-	139	1,263	4	(1,217)	189
Administrative and Other operation expenses	(431)	(3,718)	(2,413)	(238)	1,217	(5,583)
Depreciation	(85)	(279)	(94)	(29)	-	(487)
Finance cost	-	(187)	(51)	(24)	-	(262)
Profit/(Loss) before tax	(516)	(3,355)	(21)	(1)	-	(3,893)
Taxation	-	736	-	-	-	736
Profit/(Loss) after tax	(516)	(2,619)	(21)	(1)	-	(3,157)
Assets						
Segment assets	3,398	63,436	17,926	166,513	(122,094)	129,179
Liabilities						
Segment liabilities	1,321	21,608	24,220	101,505	(98,315)	50,339

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



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2021**

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 September 2021.

A12. Changes in composition of the Group

There is no changes in the composition of the Group for the current period ended 30 September 2021.

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)
Seaoffshore Engineering Sdn Bhd	Provision of services for Hot Section Exchange program for Gas Turbine Generator at KLIA District Cooling Plant.	104,286



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2021**

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A15. Material Litigation

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 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 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 was heard and allowed on 28 June 2021.

The Appeal before the Court of Appeal has been fixed for 24 January 2022.

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

B1. Review of Performance

(a) Current Quarter (Q1 FY2022) vs Preceding Quarter (Q1 FY2021)

	Individual Period		Variance	
	Current Quarter	Preceding Quarter		
	30 September 2021	30 September 2020	RM' 000	%
	RM' 000	RM' 000	RM' 000	%
Revenue	9,131	17,032	(7,901)	(46)
Gross Profit	2,250	6,797	(4,547)	(67)
(Loss) / Profit Before Interest and Tax	(3,631)	642	(4,273)	(665)
(Loss) / Profit Before Tax	(3,893)	305	(4,197)	(1,377)
Loss After Tax attributable to Equity holders of the Parent	(3,146)	(371)	(2,776)	749

The Group's revenue decreased by RM 7.9 million or 46% from RM 17.0 million in the corresponding quarter to RM 9.1 million in the current quarter. The decrease was mainly due to lower revenue from integrated crane services and pipeline engineering services. The decrease for integrated crane services was mainly due to lower revenue from overhaul maintenance services, which contributed about RM 7.0 million of revenue in the prior period as compared to RM 3.1 million in the current period. The decrease for pipeline engineering services was mainly due to lower revenue from pipeline isolation services, which contributed about RM 1.8 million of revenue in the prior period as compared to RM 0.3 million in the current period.

The administrative and other operating expenses of RM 5.6 million during the current period was consistent with expenses recorded in the previous period.

Consequently, the Group recorded a loss after tax attributable to equity holders of the parent of RM3.1 million as compared to RM0.4 million registered in the preceding year's 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 decreased by RM6.4 million or 58% from RM11.1 million in the previous period's corresponding quarter to RM4.7 million in the current quarter. The decrease for integrated crane services was mainly due to lower revenue from overhaul maintenance services due to lower activities and deferment of contract execution, which contributed about RM 7.0 million of revenue in prior year as compared to RM 3.1 million in current period. The crane manufacturing segment also recorded a lower revenue by RM1.7 million. The gross profit for the current quarter was RM0.7 million and loss after tax was RM2.6 million.

(ii) Pipeline Engineering Services

The revenue of this business segment decreased by RM0.8 million or 17% from RM4.8 million in previous year's corresponding quarter to RM4.0 million in the current quarter. The decrease for pipeline engineering services was mainly due to lower revenue from pipeline isolation services due to lower activities and deferment of contract execution, which contributed about RM 1.8 million of revenue in the prior period as compared to RM 0.3 million in current period. The decrease was offset by higher revenue from operational pigging business segment by RM 0.9 million. The gross profit reported for current quarter is RM1.3 million.

(iii) Investment holding and other businesses

The gross profit reported for current quarter is RM0.3 million and loss after tax is RM0.5 million.

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

	Individual Quarter		Variance	
	Current Quarter Ended	Immediate Preceding Quarter Ended		
	30 September 2021	30 June 2021		
	RM' 000	RM' 000	RM' 000	%
Revenue	9,131	25,792	(16,661)	(65)
Gross Profit / (Loss)	2,250	8,408	(6,157)	(73)
(Loss) / Profit Before Interest and Tax	(3,631)	810	(4,440)	(548)
(Loss) / Profit Before Tax	(3,893)	415	(4,308)	(1,037)
(Loss) / Profit After Tax attributable to Equity holders of the Parent	(3,146)	1,558	(4,704)	(302)



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2021**

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

B2. The Quarterly Results Compared to The Results of The Preceding Quarter (Continued)

The Group posted a loss after tax attributable to equity holders of the parent of RM3.1 million in the current quarter as compared to profit after tax of RM1.6 million registered in the immediate preceding quarter. The Group's revenue for the reporting quarter was RM9.1 million, a decrease of 65% compared to RM25.8 million recorded in the immediate preceding quarter due to lower activities and deferment of contract execution.

B3. Prospects

Whilst significant uncertainty remains from 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 the coming quarters.

Our business development strategies have started bearing fruit with several new contracts and also 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 these 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 23rd July 2021 until 22nd July 2022;

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

- 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
- 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 15th June 2021 until 14th June 2026.
- i) Contract extension for SEA Hibiscus Sdn Bhd (“SEA Hibiscus”) is in relation to the provision of offshore crane maintenance services for SEA Hibiscus.The duration for the Contract Extension is for one (1) year and shall commence from 31 October 2021 until 30 October 2022.
- j) A new contract from Tanjung Offshore Services Sdn Bhd (“TOS”) for the provision of portable crane equipment and services package. The provision of equipment and services for the contract is for the plug and abandonment integrated services for Pulau A for PETRONAS Carigali Sdn.Bhd (“PCSB”). The contract commenced on 2 July 2021 and the estimated completion date is in December 2021
- k) A new contract from ExxonMobil Exploration and Production Malaysia Inc. (“ExxonMobil”) for the provision of crane overhaul, repair and refurbishment services (“Contract”) via a letter of award dated 9 September 2021. The contract shall be valid for five (5) years effective from 1 October 2021 until 30 September 2026.

The Group has also recently secured contracts from outside Malaysia in line with its aspirations to expand Handal’s presence in the South East Asia region.

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.

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

	Current Period Quarter 1 July 2021 to 30 September 2021 RM'000	Preceding Year Corresponding Quarter 1 July 2020 to 30 September 2020 RM'000	Current Period To Date 1 July 2021 to 30 September 2021 RM'000	Preceding Year Corresponding Period 1 July 2020 to 30 September 2020 RM'000
Deferred tax	736	-	736	-
Current tax	-	(153)	-	(153)
	<u>736</u>	<u>(153)</u>	<u>736</u>	<u>(153)</u>

The Group effective tax rate is lower than the statutory tax rate of 24% due to deferred tax asset not recognized for certain subsidiaries 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 (1st) 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 (2nd) 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 (3rd) 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.

The fourth (4th) Tranche Placement has been completed following the listing of additional 1,100,000 ordinary shares via the private placement exercise on the Main Market of Bursa Securities on 9 July 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.

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

	As at 30 September 2021 <u>RM'000</u>	As at 30 June 2021 <u>RM'000</u>
Short term borrowings- Secured		
Bank overdrafts	14,465	16,083
Trade financing	2,187	1,386
Lease Liabilities	1,360	908
	<u>18,012</u>	<u>18,377</u>
Long term borrowings- Secured		
Lease Liabilities	506	1,104
Total Borrowings	<u>18,518</u>	<u>19,481</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 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
Basic Earnings Per Share				
Earning/(Loss) for the period attributable to equity holders of the company	(3,146)	(371)	(3,146)	(371)
Weighted average of ordinary shares in issued ("000)	231,091	218,516	231,091	218,516
Earning/(Loss) Per Share (Sen)	<u>(1.36)</u>	<u>(0.17)</u>	<u>(1.36)</u>	<u>(0.17)</u>

The potential conversion of Irredeemable Convertible Preference Shares ("ICPS") is anti-dilutive as the conversion of the ICPS results in a reduction in diluted loss per share upon conversion.

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	(12)	(55)	(12)	(55)
Interest expenses	262	337	262	337
Foreign exchange gain/(loss)	12	(112)	12	(112)
Fair value changes in financial assets at fair value through profit or loss	-	(1)	-	(1)
Gain on disposal of property, plant and equipment	-	(2)	-	(2)
Depreciation	487	781	487	781
Property, plant and equipment write off	-	-	-	-
Impairment loss on investment in joint vendute	-	-	-	-
Impairment loss on trade receivable	-	-	-	-