

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2022

	Individual Quarter		Cumulative Year	
	Current Year	Preceding Year	Current Year To	Preceding Year
	Quarter	Corresponding	Date	Corresponding
	1 Jan 2022 to 31 March 2022 RM'000	1 Jan 2021 to 31 March 2021 RM'000	1 July 2021 to 31 March 2022 RM'000	1 July 2020 to 31 March 2021 RM'000
Revenue	8,187	11,553	29,056	47,898
Cost of sales and services	(5,198)	(4,387)	(20,963)	(28,723)
<b>Gross profit</b>	<b>2,989</b>	<b>7,166</b>	<b>8,093</b>	<b>19,175</b>
Other operating income	13	56	351	3,244
Administration and other operating expenses	(5,048)	(5,964)	(15,920)	(17,079)
Depreciation	(584)	(632)	(1,762)	(2,084)
Finance costs	(369)	(445)	(980)	(1,194)
<b>(Loss)/Profit before taxation</b>	<b>(2,999)</b>	<b>181</b>	<b>(10,218)</b>	<b>2,062</b>
Income tax expense	0	(58)	528	(236)
<b>(Loss)/Profit after tax for the period</b>	<b>(2,999)</b>	<b>123</b>	<b>(9,690)</b>	<b>1,826</b>
Other comprehensive income	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/profit for the period</b>	<b>(2,999)</b>	<b>123</b>	<b>(9,690)</b>	<b>1,826</b>
<b>Total comprehensive loss attributable to:</b>				
Equity holders of the parent	(3,257)	(1,414)	(8,395)	(1,330)
Non-controlling Interest	258	1,537	(1,295)	3,156
	<b>(2,999)</b>	<b>123</b>	<b>(9,690)</b>	<b>1,826</b>
Weighted average no. of ordinary shares in issue ('000) (Note 1)	231,091	220,834	231,091	219,281
<b>(Loss)/ Earning per share attributable to Owners of the Company</b>				
- Basic (sen)	(1.41)	(0.64)	(3.63)	(0.61)
<b>(Loss)/ Earning per share - Diluted (sen)</b>	<b>(1.41)</b>	<b>(0.64)</b>	<b>(3.63)</b>	<b>(0.61)</b>

Notes:

- 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*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Unaudited As at 31 March 2022 RM'000	Audited As at 30 June 2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	29,604	30,934
Right of Use Assets	482	769
Intangible assets (Note 1)	41,538	41,538
	<u>71,624</u>	<u>73,241</u>
<b>Current Assets</b>		
Inventories	9,225	9,226
Trade receivables	14,014	16,831
Other receivables	8,837	13,262
Contract cost assets	4,082	7,679
Tax recoverable	533	393
Short term investment	-	102
Fixed deposits with licensed banks	12,398	13,381
Cash in hand and at bank	791	449
	<u>49,880</u>	<u>61,323</u>
<b>Total Assets</b>	<b>121,504</b>	<b>134,564</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
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	(39,606)	(31,211)
Equity attributable to owners of the Company	73,474	81,611
Non-controlling interests	(1,167)	128
<b>Total equity</b>	<u>72,307</u>	<u>81,739</u>
<b>Non-current liabilities</b>		
Lease liabilities	394	1,104
Deferred taxation	1,199	1,841
	<u>1,593</u>	<u>2,945</u>
<b>Current Liabilities</b>		
Trade payables	20,017	25,304
Other payables	9,243	6,040
Lease liabilities	1,515	908
Short term borrowings	16,617	17,469
Amount owing to a Director	108	108
Contract liabilities	-	50
Current tax liabilities	104	1
	<u>47,604</u>	<u>49,880</u>
<b>Total liabilities</b>	<u>49,197</u>	<u>52,825</u>
<b>Total equity and liabilities</b>	<b>121,504</b>	<b>134,564</b>
Net Assets Per Share attributable to Owners of the Company (RM)	0.32	0.35

**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 31 MARCH 2022**

	Attributable to equity holders of the Company							Non-controlling Interest	Total Equity
	Non-distributable Irredeemable			Distributable					
	Share Capital	Convertible Preference Shares	Treasury Shares	ESOS Reserve	Accumulated Losses	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
For 9 months ended 31 March 2022									
Balance as at 1 July 2021	103,045	9,408	(72)	441	(31,211)	81,611	128	81,739	
Issue of new share capital via private placement, net of transaction costs	258	-	-	-	-	258	-	258	
Total comprehensive loss for the year	-	-	-	-	(8,395)	(8,395)	(1,295)	(9,690)	
<b>Balance as at 31 March 2022</b>	<b>103,303</b>	<b>9,408</b>	<b>(72)</b>	<b>441</b>	<b>(39,606)</b>	<b>73,474</b>	<b>(1,167)</b>	<b>72,307</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 2021 and the accompanying notes attached to this quarterly financial report.*

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Current Year To Date 1 July 2021 to 31 March 2022 RM'000	Preceding Year Corresponding Period 1 July 2020 to 31 March 2021 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	(10,218)	2,062
Adjustments for:		
Depreciation of property, plant and equipment	1,354	1,359
Depreciation of right-of-use assets	408	725
Interest income	(110)	(193)
Interest expense	980	1,194
Fair value changes on financial assets at fair value through profit or loss	-	(1)
(Gain)/Loss on disposal of property, plant and equipment	-	(1)
Operating loss before changes in working capital	(7,586)	5,145
Changes in working capital:		
Inventories	1	665
Trade and other receivables	7,242	1,034
Contract cost assets	3,597	(3,874)
Contract cost liabilities	(50)	(2,166)
Trade and other payables	(2,083)	1,692
Amount owing by director	-	(1)
Net cash generated from operations	1,121	2,495
Interest received	110	194
Interest paid	(980)	(1,194)
Tax paid	(152)	(357)
Tax refund	-	857
Net cash generated/ (used in) from operating activities	99	1,995
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	75
Construction of PPE	-	528
Private placement exercise	258	2,317
Recognition of right-of-use assets	(120)	-
Purchase of property, plant and equipment	(23)	(1,342)
Acquisition of subsidiary companies, net of cash acquired	-	(323)
Disposal of financial assets at fair value through profit and	102	-
Net cash (used in)/ generated from investing activities	217	1,255

*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 31 MARCH 2022**

	Current Year To Date	Preceding Year Corresponding Period
	1 July 2021 to 31 March 2022	1 July 2020 to 31 March 2021
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Decrease/(Increase) in pledged fixed deposits	983	6,540
Repayment (advance) to a Director	-	-
Issuance of capital consideration	-	-
Drawdown from/(Repayment of) trade financing	1,750	(12,152)
Repayment of lease liabilities and borrowings	(104)	(1,577)
Net cash generated from/(used in) financing activities	<u>2,629</u>	<u>(7,189)</u>
Net (decrease)/increase in cash and cash equivalents	2,945	(3,939)
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>(12,689)</u>	<u>(18,270)</u>
Cash and cash equivalents at the end of the financial year/period comprises:		
Cash and bank balances	791	1,341
Fixed deposits	12,398	13,653
Bank overdrafts	(13,481)	(19,611)
	(291)	(4,617)
Less: Fixed deposits pledged with licensed banks	<u>(12,398)</u>	<u>(13,653)</u>
	<u>(12,689)</u>	<u>(18,270)</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 THIRD QUARTER ENDED  
31 MARCH 2022

## 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"

**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.

**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.



**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED  
31 MARCH 2022**

**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 31 March 2022**

For 3 Months Period ended 31 March 2022	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	-	3,789	4,278	120	-	8,187
Inter-segment	-	-	-	84	(84)	0
<b>Total revenue</b>	<b>-</b>	<b>3,789</b>	<b>4,278</b>	<b>204</b>	<b>(84)</b>	<b>8,187</b>
<b>Results</b>						
Gross Profit	-	1,618	1,192	179	-	2,989
GP Margin	-	43%	28%	88%	-	37%
Other operating income	-	17	2	(6)	-	13
Administrative and Other operation expenses	(132)	(4,384)	(438)	(97)	3	(5,048)
Depreciation	(161)	(309)	(84)	(30)	-	(584)
Finance cost	(4)	(190)	(144)	(31)	-	(369)
<b>Profit/(Loss) before tax</b>	<b>(297)</b>	<b>(3,248)</b>	<b>528</b>	<b>15</b>	<b>3</b>	<b>(2,999)</b>
Taxation	-	-	-	-	-	-
<b>Profit/(Loss) after tax</b>	<b>(297)</b>	<b>(3,248)</b>	<b>528</b>	<b>15</b>	<b>3</b>	<b>(2,999)</b>
<b>Assets</b>						
Segment assets	3,298	63,933	17,592	1,744	34,937	121,504
<b>Liabilities</b>						
Segment liabilities	1,932	22,681	21,553	3,662	(631)	49,197

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED  
31 MARCH 2022**

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

**A8. Segmental Information (Continued)**

The result of the financial period ended 31 March 2022

Financial Period ended 31 March 2022	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	-	14,720	13,510	826	-	29,056
Inter-segment	-	-	-	315	(315)	-
<b>Total revenue</b>	-	<b>14,720</b>	<b>13,510</b>	<b>1,141</b>	<b>(315)</b>	<b>29,056</b>
<b>Results</b>						
Gross Profit	-	5,925	1,746	422	-	8,093
GP Margin	-	40%	13%	37%		28%
Other operating income		176	1,818	(15)	(1,628)	351
Administrative and Other operation expenses	(733)	(10,692)	(5,641)	(485)	1,631	(15,920)
Depreciation	(484)	(929)	(263)	(86)	-	(1,762)
Finance cost	(16)	(569)	(300)	(95)	-	(980)
<b>Profit/(Loss) before tax</b>	<b>(1,233)</b>	<b>(6,089)</b>	<b>(2,640)</b>	<b>(259)</b>	<b>3</b>	<b>(10,218)</b>
Taxation	-	528	0	0	-	528
<b>Profit/(Loss) after tax</b>	<b>(1,233)</b>	<b>(5,561)</b>	<b>(2,640)</b>	<b>(259)</b>	<b>3</b>	<b>(9,690)</b>
<b>Assets</b>						
Segment assets	3,298	63,933	17,592	1,744	34,937	121,504
<b>Liabilities</b>						
Segment liabilities	1,932	22,681	21,553	3,662	(631)	49,197

**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 31 December 2021.

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

There is no change in the composition of the Group for the current period ended 31 March 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.	53,274

**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 filed an appeal to the Court of Appeal on 2 April 2021 (the “Appeal”).

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

**A15. Material Litigation (continued)**

On 24 January 2022, the Appeal was dismissed by the Court of Appeal. On 22 February 2022, the Defendants filed an application for leave to appeal to the Federal Court and an application to stay proceedings in the High Court until the Federal Court leave application is disposed of.

The Federal Court leave application hearing is fixed for 14 June 2022. The Plaintiffs agreed not to challenge or contest the Defendants' application to stay proceedings in the High Court. A case management is fixed for 9 September 2022 to update the High Court on the outcome of the Federal Court leave application.

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

**B1. Review of Performance**

**(a) Current Quarter (Q3 FY2022) vs Preceding Quarter (Q3 FY2021)**

	Individual Period			
	Current Quarter	Preceding Quarter		
	31 March 2022	31 March 2021		
	RM' 000	RM' 000	RM' 000	%
Revenue	8,187	11,553	(3,366)	(29)
Gross Profit	2,989	7,166	(4,177)	(58)
(Loss) / Profit Before Interest and Tax	(2,630)	626	(3,256)	(520)
(Loss) / Profit Before Tax	(2,999)	181	(3,180)	(1,757)
(Loss) / Profit After Tax	(2,999)	123	(3,122)	(2,538)

The Group's revenue decreased by RM 3.4 million or 29% from RM 11.6 million in the corresponding quarter to RM 8.2 million in the current quarter. The decrease was mainly due to lower revenue from integrated crane services. The decrease for integrated crane services was mainly due to lower revenue from crane manufacturing, overhaul maintenance services and parts trading and the decrease for pipeline engineering services mainly due to lower revenue from operational pigging and pig trap maintenance service.

The administrative and other operating expenses recorded at RM 5.0 million in current period which is lower by RM 0.9 million as compared to RM 5.9 million in previous period.

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

Consequently, the Group recorded a loss after tax of RM 3.0 million as compared to profit of RM 0.1 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 RM 3.4 million or 47% from RM7.2 million in previous period corresponding quarter to RM3.8 million in the current quarter. The decrease for integrated crane services was mainly due to lower revenue from crane manufacturing by RM1.2 million. The decrease was also contributed by lower revenue from parts trading by RM0.8 million from RM1.5 million in previous period corresponding quarter to RM0.7 million in current quarter while overhaul maintenance decrease by RM1.4 million from RM4.3 million in previous period corresponding quarter to RM2.9 million due to lower activities and deferment of contract execution. The gross profit for the current quarter was RM1.6 million and loss after tax was RM3.2 million.

**(ii) Pipeline Engineering Services**

The revenue of this business segment has increased by RM0.2 million or 4% from RM4.1 million in previous year corresponding quarter to RM4.3 million in the current quarter. The increase for pipeline engineering services was mainly due to higher revenue of RM1.6 million in piping isolation and riser maintenance by RM1.3 million from RM0.2 million in previous period corresponding quarter to RM1.5 million in current quarter. The increase of revenue also being compensated by the lower revenue by other services mainly contributed by decrease in revenue from operational pigging RM2.0 million from RM3.1 million in in previous period corresponding quarter to RM1.1 million in current quarter. The gross profit for the current quarter was RM1.2 million and profit after tax for the current quarter was RM0.5 million.

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

The revenue for other businesses decreases from RM0.2 million in previous year corresponding quarter as compared to RM0.1 million in the current quarter.

**B2. The Quarterly Results Compared to The Results of The Preceding Quarter****(b) Current Period (Q3 FY2022) vs Preceding Period (Q3 FY2021)**

	Cumulative Period		Variance	
	Current Year to Date	Preceding Year		
	31 March 2022	31 March 2021		
	RM' 000	RM' 000	RM' 000	%
Revenue	29,056	47,898	(18,842)	(39)
Gross Profit	8,093	19,175	(11,082)	(58)
Profit Before Interest and Tax	(9,238)	3,256	(12,494)	(384)
(Loss) /Profit Before Tax	(10,218)	2,062	(12,280)	(596)
(Loss) /Profit After Tax	(9,690)	1,826	(11,516)	(631)

The Group's revenue decreased by RM18.8 million or 39% from RM47.9 million in the corresponding period to RM29.1 million in the current period. The lower revenue mainly from crane manufacturing, overhaul maintenance, operational pigging and pig trap maintenance service.

The administrative and other operating expenses decreased by RM1.2 million or 6.8% from RM17.1 million in the corresponding period to RM15.9 million in the current period.

Included in the profit before tax is income in prior year preceding period were income from shortfall of profit guarantee upon acquisition of a subsidiary amounting to RM2.8 million.

Consequently, the Group recorded a loss after tax of RM9.7 million as compared to profit after tax of RM1.8 million in the preceding corresponding period.

The performance of the respective operating business segments for period ended 31 March 2022 as compared to the preceding period is analysed as follows: -

**(i) Integrated Crane Services**

The revenue of this business segment has decreased by RM14.4 million or 49.5% from RM29.1 million in previous year corresponding period to RM14.7 million in the current period. The decrease was mainly contributed by the lower revenue from crane manufacturing, overhaul maintenance and parts trading activities as result of deferment of our customers' offshore activities. The gross profit reported for current period of RM5.9 million and loss after tax of RM5.6 million.

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

The revenue of this business segment has decreased by RM3.1 million or 18.8% from RM16.6 million in previous year corresponding period to RM13.5 million in the current period. The decrease was mainly by operational pigging and pig trap maintenance services. The gross profit reported for current period of RM1.7 million and loss after tax of RM2.6 million.

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

There was an income from shortfall of profit guarantee amounting to RM2.8 million included as other income in the investment holding company and income from other businesses in previous year corresponding period.

The gross profit reported for current period of RM0.4 million and loss after tax of RM1.5 million.

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

	Individual Quarter		Variance	
	Current Quarter Ended	Immediate Preceding Quarter Ended		
	31 March 2022	31 December 2021	RM' 000	%
	RM' 000	RM' 000	RM' 000	%
Revenue	8,187	11,738	(3,551)	(30)
Gross Profit / (Loss)	2,989	2,854	135	5
(Loss) / Profit Before Interest and Tax	(2,630)	(2,977)	347	(12)
(Loss) / Profit Before Tax	(2,999)	(3,326)	327	(10)
(Loss) / Profit After Tax	(2,999)	(3,534)	535	(15)

The Group posted a loss after tax of RM2.99 million in the current quarter as compared to loss after tax of RM3.5 million registered in the immediate preceding quarter. The Group's revenue for the reporting quarter was RM8.2 million, a decrease of RM3.6 million or 30% as compared to RM11.7 million recorded in the immediate preceding quarter due to lower revenue realised in overhaul and maintenance and operational pigging as compared to preceding quarter.



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

With the relaxation of movement control due to Covid-19 pandemic and Malaysia transitions into the endemic phase, revenue generating activities will be expected to improve in the next 6 months.

While we expect no significant change clients' business plan for the current period, we would expect a positive shift in business growth activities for 2023 and beyond as crude oil profile continue to increase and stabilise above USD100/bbl. As such, we will be expecting PETRONAS and PACs to be maturing key market surveys and pre-qualification exercises into strategic tenders between 2022 and 2023.

In recognition of this business growth opportunities, Handal have been actively collaborating with strategic technical partners to partake in these market surveys/prequalification exercises including upcoming large value tenders.

Handal is currently transitioning its contract management operations to its head quarter office in Kuala Lumpur and in Sabah, via its operations office in Kota Kinabalu, as part of its initiative to further enhance its operational service level. This strategy is key to ensuring a more positive clients' operational services experience, and with an objective to ensure that that contract extension or renewal can be technically demonstrated, and commercially justifiable by respective clients. This is recently proven with the extension of contract terms beyond its respective normal terms and award of new contracts such as the following:

- a) Contract from PT Meindo Elang Indah ("**PTMeindo**") for the supply and delivery of one (1) unit of pedestal crane to PTMeindo.
- b) Extension of contract from Petronas Carigali Sdn Bhd ("**PCSB**") for provision of pipeline isolation services for a duration of one (1) year effective from 3<sup>rd</sup> April 2022 to 2<sup>nd</sup> April 2023.
- c) New contract from EPOMS Sdn Bhd for the provision of positive isolation by Mechanical Plug for Larut Facility to commence from June 2022.

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

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

**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 Period Quarter 1 Jan 2022 to 31 March 2022 RM'000	Preceding Year Corresponding Quarter 1 Jan 2021 to 31 March 2021 RM'000	Current Period To Date 1 July 2021 to 31 March 2022 RM'000	Preceding Year Corresponding Period 1 July 2020 to 31 March 2021 RM'000
Deferred tax	-	-	528	-
Current tax	-	(58)	-	(236)
	<u>-</u>	<u>(58)</u>	<u>528</u>	<u>(236)</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 (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.

The fourth (4<sup>th</sup>) 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 31 March 2022 <u>RM'000</u>	As at 30 June 2021 <u>RM'000</u>
<b>Short term borrowings- Secured</b>		
Bank overdrafts	13,481	16,083
Trade financing	3,136	1,386
Lease Liabilities	1,515	908
	<u>18,133</u>	<u>18,377</u>
<b>Long term borrowings- Secured</b>		
Lease Liabilities	394	1,104
<b>Total Borrowings</b>	<u><b>18,527</b></u>	<u><b>19,481</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 31 March 2022.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED  
31 MARCH 2022**

**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 Earnings Per Share</b>				
Earning/(Loss) for the period attributable to equity holders of the company	(3,257)	(1,414)	(8,395)	(1,330)
Weighted average of ordinary shares in issued ("000)	231,091	220,834	231,091	219,281
Earning/(Loss) Per Share (Sen)	<u>(1.41)</u>	<u>(0.64)</u>	<u>(3.63)</u>	<u>(0.61)</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	(18)	(28)	(110)	(193)
Interest expenses	369	445	980	1,194
Foreign exchange gain/(loss)	(2)	(3)	70	21
Fair value changes in financial assets at fair value through profit or loss	-	1	-	(1)
Gain on disposal of property, plant and equipment	-	-	-	(1)
Depreciation	584	632	(1,762)	2,084