

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

| | Individual Quarter | | Cumulative Year | |
|--|-------------------------------|-------------------------------|--------------------------------|--------------------------------|
| | Current Year | Preceding Year | Current Year To | Preceding Year |
| | Quarter | Corresponding | Date | Corresponding |
| | 1 Apr 2022 to 30 June 2022 | 1 Apr 2021 to 30 June 2021 | 1 July 2021 to 30 June 2022 | 1 July 2020 to 30 June 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 1,311 | 25,792 | 30,367 | 73,690 |
| Cost of sales and services | (9,780) | (17,384) | (30,743) | (46,108) |
| Gross profit | (8,469) | 8,408 | (376) | 27,582 |
| Other operating income | 132 | 84 | 483 | 3,103 |
| Administration and other operating expenses | (4,340) | (6,738) | (20,260) | (23,592) |
| Depreciation | (570) | (718) | (2,332) | (2,802) |
| Finance costs | (259) | (395) | (1,239) | (1,589) |
| Impairment loss on trade receivables | (756) | (226) | (756) | (226) |
| Impairment loss on Intangible asset | (6,281) | - | (6,281) | - |
| (Loss)/Profit before taxation | (20,543) | 415 | (30,761) | 2,476 |
| Income tax expense | 1,026 | 526 | 1,554 | 290 |
| (Loss)/Profit after tax for the period | (19,517) | 941 | (29,207) | 2,766 |
| Other comprehensive income | - | - | - | - |
| Total other comprehensive income | - | - | - | - |
| Total comprehensive (loss)/profit for the period | (19,517) | 941 | (29,207) | 2,766 |
| Total comprehensive loss attributable to: | | | | |
| Equity holders of the parent | (20,814) | 1,558 | (29,209) | 227 |
| Non-controlling Interest | 1,297 | (617) | 2 | 2,539 |
| | (19,517) | 941 | (29,207) | 2,766 |
| Weighted average no. of ordinary shares in issue ('000) (Note 1) | 231,091 | 229,375 | 231,091 | 221,796 |
| (Loss)/ Earning per share attributable to Owners of the Company | | | | |
| - Basic (sen) | (9.01) | 0.68 | (12.64) | 0.10 |
| (Loss)/ Earning per share - Diluted (sen) | (9.01) | 0.68 | (12.64) | 0.10 |

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 30 JUNE 2022

| | Unaudited As at 30 June 2022 RM'000 | Audited As at 30 June 2021 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 29,024 | 30,934 |
| Right of Use Assets | 357 | 769 |
| Intangible assets (Note 1) | 35,257 | 41,538 |
| | 64,638 | 73,241 |
| Current Assets | | |
| Inventories | 9,245 | 9,226 |
| Trade receivables | 7,831 | 16,831 |
| Other receivables | 4,857 | 13,262 |
| Contract cost assets | 3,011 | 7,679 |
| Tax recoverable | 533 | 393 |
| Short term investment | - | 102 |
| Fixed deposits with licensed banks | 12,200 | 13,381 |
| Cash in hand and at bank | 1,155 | 449 |
| | 38,832 | 61,323 |
| Total Assets | 103,470 | 134,564 |
| 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 | (60,421) | (31,211) |
| Equity attributable to owners of the Company | 52,659 | 81,611 |
| Non-controlling interests | (4,074) | 128 |
| Total equity | 48,585 | 81,739 |
| Non-current liabilities | | |
| Lease liabilities | 336 | 1,104 |
| Deferred taxation | 98 | 1,841 |
| | 434 | 2,945 |
| Current Liabilities | | |
| Trade payables | 24,976 | 25,304 |
| Other payables | 10,924 | 6,040 |
| Lease liabilities | 1,485 | 908 |
| Short term borrowings | 16,778 | 17,469 |
| Amount owing to a Director | 108 | 108 |
| Contract liabilities | - | 50 |
| Current tax liabilities | 180 | 1 |
| | 54,451 | 49,880 |
| Total liabilities | 54,885 | 52,825 |
| Total equity and liabilities | 103,470 | 134,564 |
| Net Assets Per Share attributable to Owners of the Company (RM) | 0.23 | 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 3 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 JUNE 2022**

| | Attributable to equity holders of the Company | | | | | | | | |
|--|---|-------------------------------|-------------|-----------------|-----------------|--------------------|----------------|--------------------------|--------------|
| | Non-distributable | | | | Distributable | | | Non-controlling Interest | Total Equity |
| | Share Capital | Irredeemable | | Treasury Shares | ESOS Reserve | Accumulated Losses | Total | | |
| | | Convertible Preference Shares | | | | | | | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| For 12 months ended 30 June 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 | |
| Acquisition of addition equity interest from non-controlling interest | - | - | - | - | - | - | (4,205) | (4,205) | |
| Total comprehensive loss for the year | - | - | - | - | (29,209) | (29,209) | 2 | (29,207) | |
| Balance as at 30 June 2022 | 103,303 | 9,408 | (72) | 441 | (60,420) | 52,660 | (4,075) | 48,585 | |

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.

| | Current Year To Date 1 July 2021 to 30 June 2022 RM'000 | Preceding Year Corresponding Period 1 July 2020 to 30 June 2021 RM'000 |
|---|--|--|
| Cash flows from operating activities | | |
| (Loss)/Profit before taxation | (30,761) | 2,476 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 1,805 | 1,799 |
| Depreciation of right-of-use assets | 527 | 1,002 |
| Interest income | (131) | (255) |
| Interest expense | 1,239 | 1,589 |
| (Gain)/Loss on disposal of property, plant and equipment | - | (1) |
| Impairment of trade receivables | 756 | 226 |
| Impairment of intangible assets | 6,281 | - |
| Operating loss before changes in working capital | (20,284) | 6,837 |
| Changes in working capital: | | |
| Inventories | (19) | 828 |
| Trade and other receivables | 16,650 | (13,174) |
| Contract cost assets | 4,669 | (82) |
| Contract cost liabilities | (50) | 5,244 |
| Trade and other payables | 4,557 | (1,630) |
| Amount owing (by)/to related parties | (4,205) | 7,105 |
| Amount owing by director | - | (1) |
| Net cash generated from operations | 1,318 | 5,127 |
| Interest received | 131 | 253 |
| Interest paid | (1,239) | (1,589) |
| Tax paid | (152) | (196) |
| Tax refund | - | 857 |
| Net cash generated/ (used in) from operating activities | <u>58</u> | <u>4,452</u> |
| Cash flows from investing activities | | |
| Proceeds from disposal of property, plant and equipment | - | 75 |
| Construction of PPE | - | 528 |
| Private placement exercise | 258 | 2,576 |
| Recognition of right-of-use assets | (115) | - |
| Purchase of property, plant and equipment | 106 | (1,909) |
| Acquisition of subsidiary companies, net of cash acquired | - | (323) |
| Disposal of financial assets at fair value through profit | 102 | - |
| Net cash (used in)/ generated from investing activities | <u>351</u> | <u>947</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 JUNE 2022**

| | Current Year To Date | Preceding Year Corresponding Period |
|--|--------------------------------|--|
| | 1 July 2021 to 30 June 2022 | 1 July 2020 to 30 June 2021 |
| | RM'000 | RM'000 |
| Cash flows from financing activities | | |
| Decrease/(Increase) in pledged fixed deposits | 1,181 | 6,841 |
| Repayment (advance) to a Director | - | - |
| Issuance of capital consideration | - | - |
| Drawdown from/(Repayment of) trade financing | 2,985 | (12,208) |
| Repayment of lease liabilities and borrowings | (192) | (1,335) |
| Net cash generated from/(used in) financing activities | <u>3,974</u> | <u>(6,702)</u> |
| Net (decrease)/increase in cash and cash equivalents | 4,383 | (1,303) |
| 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>(11,251)</u> | <u>(15,634)</u> |
| Cash and cash equivalents at the end of the financial year/period comprises: | | |
| Cash and bank balances | 1,155 | 449 |
| Fixed deposits | 12,200 | 13,352 |
| Bank overdrafts | (12,407) | (16,083) |
| | 949 | (2,282) |
| Less: Fixed deposits pledged with licensed banks | (12,200) | (13,352) |
| | <u>(11,251)</u> | <u>(15,634)</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 FOURTH QUARTER ENDED
30 JUNE 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"



HANDAL ENERGY BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED
30 JUNE 2022**

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.

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 June 2022

| For 3 Months Period ended 30 June 2022 | 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 | - | (456) | 1,767 | - | - | 1,311 |
| Inter-segment | - | - | - | 224 | (224) | - |
| Total revenue | - | (456) | 1,767 | 224 | (224) | 1,311 |
| Results | | | | | | |
| Gross Profit /(Loss) | - | (8,715) | (155) | 401 | - | (8,469) |
| GP Margin | - | 1911% | -9% | 179% | - | -646% |
| Other operating income | - | 5 | (1,537) | 36 | 1,628 | 132 |
| Administrative and Other operation expenses | 383 | (7,555) | 4,557 | (97) | (1,628) | (4,340) |
| Impairment loss on trade receivables | - | (756) | - | - | - | (756) |
| Impairment loss on intangible asset | - | (6,281) | - | - | - | (6,281) |
| Depreciation | (161) | (305) | (76) | (28) | - | (570) |
| Finance cost | (3) | (183) | (42) | (31) | - | (259) |
| Profit/(Loss) before tax | 219 | (23,790) | 2,747 | 281 | - | (20,543) |
| Taxation | - | 1,195 | (94) | (75) | - | 1,026 |
| Profit/(Loss) after tax | 219 | (22,595) | 2,653 | 206 | - | (19,517) |
| Assets | | | | | | |
| Segment assets | 3,203 | 49,170 | 13,926 | 1,736 | 35,435 | 103,470 |
| Liabilities | | | | | | |
| Segment liabilities | 3,057 | 26,300 | 22,123 | 3,628 | (224) | 54,884 |

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A8. Segmental Information (Continued)

The result of the financial period ended 30 June 2022

| Financial Period ended 30 June 2022 | 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 | - | 14,264 | 15,277 | 826 | - | 30,367 |
| Inter-segment | - | - | - | 538 | (538) | - |
| Total revenue | - | 14,264 | 15,277 | 1,364 | (538) | 30,367 |
| Results | | | | | | |
| Gross Profit /(Loss) | - | (2,790) | 1,591 | 823 | - | (376) |
| GP Margin | - | -20% | 10% | 60% | - | -1% |
| Other operating income | - | 181 | 281 | 21 | - | 483 |
| Administrative and Other operation expenses | (350) | (18,246) | (1,085) | (579) | - | (20,260) |
| Depreciation | (644) | (1,234) | (339) | (115) | - | (2,332) |
| Finance cost | (19) | (753) | (341) | (126) | - | (1,239) |
| Impairment loss on trade receivables | - | (756) | - | - | - | (756) |
| Impairment loss on intangible asset | - | (6,281) | - | - | - | (6,281) |
| Profit/(Loss) before tax | (1,013) | (29,879) | 107 | 24 | - | (30,761) |
| Taxation | - | 1,723 | (94) | (75) | - | 1,554 |
| Profit/(Loss) after tax | (1,013) | (28,156) | 13 | (51) | - | (29,207) |
| Assets | | | | | | |
| Segment assets | 3,203 | 49,170 | 13,926 | 1,736 | 35,435 | 103,470 |
| Liabilities | | | | | | |
| Segment liabilities | 3,057 | 26,300 | 22,123 | 3,628 | (224) | 54,884 |

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 2022

A12. Changes in composition of the Group

A new subsidiary company was incorporated on 20 June 2022, known as "Handal Borneo Sdn Bhd" with 90% share capital owned by Handal Energy Berhad.

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. | 408,088 |

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”).

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.

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

The Federal Court leave application was heard and dismissed with costs on 14 June 2022. Nevertheless the Defendants have since filed an application under Section 97(4) Courts of Judicature Act 1964 to discharge the order dismissing the leave application. This is a form of review. It is fixed for hearing on 6 October 2022.

Meanwhile in the High Court the Defendant's Defence is due. The Defendants have filed an application for extension of time to file their Defence pending the resolution of the discharge application to the Federal Court, above. The extension of time application is fixed for hearing on 12 September 2022 before the High Court.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA MALAYSIA SECURITIES BERHAD**B1. Review of Performance****(a) Current Quarter (Q4 FY2022) vs Preceding Quarter (Q4 FY2021)**

| | Individual Period | | Variance | |
|---|-------------------|-------------------|----------|---------|
| | Current Quarter | Preceding Quarter | | |
| | 30 June 2022 | 30 June 2021 | RM' 000 | % |
| | RM' 000 | RM' 000 | | |
| Revenue | 1,311 | 25,792 | (24,481) | (95) |
| Gross Profit | (8,469) | 8,408 | (16,877) | (201) |
| (Loss) / Profit Before Interest and Tax | (20,284) | 810 | (21,094) | (2,604) |
| (Loss) / Profit Before Tax | (20,543) | 415 | (20,958) | (5,050) |
| (Loss) / Profit After Tax | (19,517) | 941 | (20,458) | (2,174) |

The Group's revenue decreased by RM 24.5 million or 95% from RM 25.8 million in the corresponding quarter to RM 1.3 million in the current quarter. The decrease was mainly due to lower revenue from integrated crane services pipeline engineering 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 pipeline isolation, operational pigging and pig trap maintenance service.

The administrative and other operating expenses recorded at RM 4.3 million in current period which is lower by RM 2.4 million as compared to RM 6.7 million in previous period. Included in the administrative cost is the impairment cost for Intellectual Property Right of RM 6.28 million and in current period.



HANDAL ENERGY BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED
30 JUNE 2022**

**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 19.5 million as compared to profit of RM 0.94 million registered in the preceding year corresponding quarter. Included in the profit after tax is the impairment cost for Intellectual Property Right of RM 6.28 million and impairment of trade receivable of RM 0.75 million.

Review of Performance by segments

(i) Integrated Crane Services

The revenue of this business segment has decreased by RM 9.96 million or 105% from RM 9.5 million in previous period corresponding quarter to RM (0.45) million in the current quarter. The decrease for integrated crane services was mainly due to lower revenue from crane overhaul and maintenance by RM 8.7 million from 7.6 million in previous period corresponding quarter to. The decrease was also contributed by lower revenue from parts trading by RM 0.6 million from RM1.1 million in previous period corresponding quarter to RM 0.4 million in current quarter while crane rental decrease by RM 0.4 million from RM 0.3 million in previous period corresponding quarter to RM 0.09 million due to lower activities and deferment of contract execution. The gross loss for the current quarter was RM 8.7 million and loss after tax was RM 24.3 million.

(ii) Pipeline Engineering Services

The revenue of this business segment has decreased by RM 13.4 million or 88% from RM15.1 million in previous year corresponding quarter to RM1.7 million in the current quarter. The decrease for pipeline engineering services was mainly due to lower revenue of RM5.6 million in piping isolation from RM6.5 million in previous corresponding quarter to RM0.8 million in current quarter. The pig trap maintenance also contributes to lower revenue by RM4.8 million from RM4.9 million in previous period corresponding quarter to RM0.08 million in current quarter. The decreased of these two businesses segment mainly due to deferment of the contract and execution work to next fiscal year. The other businesses segment Blast and panting and Manpower supply has also decreased by RM 2.5 million and RM2.2 million respectively in current quarter. The gross profit for the current quarter was RM0.15 million and profit after tax for the current quarter was RM2.65 million.

(iii) Investment holding and other businesses

There is no revenue for other businesses due to no execution of work and deferment of the contract. There is internal work done between the group and contributes to RM 0.2 million revenue within the group which has been eliminated on the group level. The gross profit after tax was RM 0.4 million.

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

(b) Current Year to date vs Preceding Year

| | Cumulative Period | | Variance | |
|---------------------------------------|----------------------|----------------|----------|---------|
| | Current Year to Date | Preceding Year | | |
| | 30 June 2022 | 30 June 2021 | | |
| | RM' 000 | RM' 000 | RM' 000 | % |
| Revenue | 30,367 | 73,690 | (43,323) | (59) |
| Gross (Loss)/Profit | (376) | 27,582 | (27,958) | (101) |
| (Loss)/Profit Before Interest and Tax | (29,522) | 4,065 | (33,587) | (826) |
| (Loss) /Profit Before Tax | (30,761) | 2,476 | (33,237) | (1,342) |
| (Loss) /Profit After Tax | (29,207) | 2,766 | (31,973) | (1,156) |

The Group's revenue decreased by RM 43.3 million or 59% from RM 73.7 million in the corresponding period to RM30.4 million in the current period. The lower revenue mainly from crane manufacturing, overhaul maintenance, piping isolation and pig trap maintenance.

The administrative and other operating expenses decreased by RM 3.4 million or 14% from RM 23.6 million in the corresponding period to RM 20.2 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 RM 2.8 million.

Consequently, the Group recorded a loss after tax of RM 29.2 million as compared to profit after tax of RM2.76 million in the preceding corresponding period.

The performance of the respective operating business segments for period ended 30 June 2022 as compared to the preceding period is analysed as follows: -

(i) Integrated Crane Services

The revenue of this business segment has decreased by RM24.4 million or 63% from RM38.6 million in previous year corresponding period to RM14.2 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 loss reported for current period of RM2.8 million and loss after tax of 29.7 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 RM 16.5 million or 52% from RM 31.8 million in previous year corresponding period to RM 15.3 million in the current period. The decrease was mainly by pig trap maintenance and piping isolation services. The decreased was due to deferment of contract execution work to next fiscal year. The gross profit reported for current period of RM 1.6 million and profit after tax of RM 0.13 million.

(iii) Investment Holding and Other Businesses

There was an income from shortfall of profit guarantee amounting to RM 2.8 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 RM 0.8 million and loss after tax of RM 1.06 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 2022 | 31 March 2022 | RM' 000 | % |
| | RM' 000 | RM' 000 | RM' 000 | % |
| Revenue | 1,311 | 8,187 | (6,876) | (84) |
| Gross Profit / (Loss) | (8,469) | 2,989 | (11,458) | (383) |
| (Loss) / Profit Before Interest and Tax | (20,284) | (2,630) | (17,654) | 671 |
| (Loss) / Profit Before Tax | (20,543) | (2,999) | (17,544) | 585 |
| (Loss) / Profit After Tax | (19,517) | (2,999) | (16,518) | 551 |

The Group posted a loss after tax of RM 19.5 million in the current quarter as compared to loss after tax of RM 2.9 million registered in the immediate preceding quarter. The Group's revenue for the reporting quarter was RM 1.3 million, a decrease of RM 6.9 million or 84% as compared to RM 8.2 million recorded in the immediate preceding quarter due to lower revenue realised in overhaul and maintenance and operational pigging as compared to preceding quarter.



HANDAL ENERGY BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED
30 JUNE 2022

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

B3. Prospects

Despite the opening up of the economy, the industry did not show any immediate improvement in terms of new work or tenders. This could be because the industry lost a lot of expertise and new people into the oil and gas big companies who are KPI driven, rather than industry concerned.

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

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) Extension of contract from Petronas Carigali Sdn Bhd ("PCSB") for provision of pipeline isolation services for a duration of one (1) year effective from 3rd April 2022 to 2nd April 2023.
- b) New contract from EPOMS Sdn Bhd for the provision of positive isolation by Mechanical Plug for Larut Facility to commence from June 2022.
- c) New contract from Petronas Carigali Sdn Bhd ("PCSB") for provision of offshore pedestal crane and JOB crane maintenance, services and supply of parts (Package B).
- d) New contract from Petronas Carigali Sdn Bhd ("PCSB") for provision of other lifting equipment maintenance, services and supply of parts (Package C).

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 Apr 2022 to 30 June 2022 RM'000 | Preceding Year Corresponding Quarter 1 Apr 2021 to 30 June 2021 RM'000 | Current Period To Date 1 July 2021 to 30 June 2022 RM'000 | Preceding Year Corresponding Period 1 July 2020 to 30 June 2021 RM'000 |
|--------------|--|---|---|---|
| Deferred tax | 1,195 | 526 | 1,723 | 290 |
| Current tax | <u>(169)</u> | <u>0</u> | <u>(169)</u> | <u>0</u> |
| | <u>1,026</u> | <u>526</u> | <u>1,554</u> | <u>290</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.

The fifth (5th) Tranche Placement has been completed following the listing of additional 9,586,000 ordinary shares via the private placement exercise on the Main Market of Bursa Securities on 15 July 2022.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA
MALAYSIA SECURITIES BERHAD (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 2022 <u>RM'000</u> | As at 30 June 2021 <u>RM'000</u> |
|---------------------------------------|---|---|
| Short term borrowings- Secured | | |
| Bank overdrafts | 12,407 | 16,083 |
| Trade financing | 4,371 | 1,386 |
| Lease Liabilities | 1,485 | 908 |
| | <u>18,263</u> | <u>18,377</u> |
| Long term borrowings- Secured | | |
| Lease Liabilities | 336 | 1,104 |
| Total Borrowings | <u>18,599</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 June 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 |
| Basic Earnings Per Share | | | | |
| Earning/(Loss) for the period attributable to equity holders of the company | (20,814) | 1,558 | (29,209) | 227 |
| Weighted average of ordinary shares in issued ("000) | 231,091 | 229,375 | 231,091 | 221,796 |
| Earning/(Loss) Per Share (Sen) | <u>(9.01)</u> | <u>0.68</u> | <u>(12.64)</u> | <u>0.10</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) | (113) | (122) | (255) |
| Interest expenses | 259 | 395 | 1,239 | 1,589 |
| Foreign exchange gain/(loss) | 28 | | 98 | (4) |
| Fair value changes in financial assets at fair value through profit or loss | - | - | - | - |
| Gain on disposal of property, plant and equipment | - | - | - | (1) |
| Depreciation | 570 | 718 | 2,332 | 2,802 |
| Impairment loss on trade receivable | 756 | 226 | 756 | 226 |
| Impairment loss on intangible asset | 6,281 | - | 6,281 | - |