

**HANDAL ENERGY BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Individual Quarter		Cumulative Year	
	Current Year Quarter 1 July 2022 to 30 September 2022 RM'000	Preceding Year Corresponding Quarter 1 July 2021 to 30 September RM'000	Current Year To Date 1 July 2021 to 30 September RM'000	Preceding Year Corresponding Period 1 July 2020 to 30 September RM'000
Revenue	9,633	-	40,000	-
Cost of sales and services	(7,360)	-	(38,103)	-
<b>Gross profit</b>	<b>2,273</b>	<b>-</b>	<b>1,897</b>	<b>-</b>
Other operating income	55	-	538	-
Administration and other operating expenses	(3,786)	-	(24,046)	-
Depreciation	(555)	-	(2,887)	-
Finance costs	(373)	-	(1,612)	-
Impairment loss on trade receivables	664	-	(92)	-
Impairment loss on intangible asset	-	-	(6,281)	-
<b>(Loss)/Profit before taxation</b>	<b>(1,722)</b>	<b>-</b>	<b>(32,483)</b>	<b>-</b>
Income tax expense	0	-	1,554	-
<b>(Loss)/Profit after tax for the period</b>	<b>(1,722)</b>	<b>-</b>	<b>(30,929)</b>	<b>-</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>(1,722)</b>	<b>-</b>	<b>(30,929)</b>	<b>-</b>
<b>Total comprehensive loss attributable to:</b>				
Equity holders of the parent	2,355	-	(26,854)	-
Non-controlling interest	(4,077)	-	(4,075)	-
	<b>(1,722)</b>	<b>-</b>	<b>(30,929)</b>	<b>-</b>
Weighted average no. of ordinary shares in issue ('000) (Note 1)	233,488	233,488	233,488	233,488
(Loss)/ Earning per share attributable to Owners of the Company				
- Basic (sen)	1.01	-	(11.50)	-
(Loss)/ Earning per share - Diluted (sen)	1.01	-	(11.50)	-

**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
2. The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the financial statements for the for the financial year ended 30 June 2021 and the accompanying notes attached tit hie quarter report.
3. The financial year end of the company was change from 30 June to 31 December. Accordingly, the current financial statements are prepared for 15 months from 30 June 2021 to 30 September 2022 and as a result, the comparative figures state in the income statement, statement of changes in equity, cash flow statement and their related notes are not comparable.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Unaudited As at 30 September 2022 RM'000	Audited As at 30 June 2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	28,461	30,934
Right of Use Assets	230	769
Intangible assets (Note 1)	35,257	41,538
	<u>63,948</u>	<u>73,241</u>
<b>Current Assets</b>		
Inventories	9,392	9,226
Trade receivables	7,409	16,831
Other receivables	4,845	13,262
Contract cost assets	2,010	7,679
Tax recoverable	533	393
Short term investment	-	102
Fixed deposits with licensed banks	12,890	13,381
Cash in hand and at bank	784	449
	<u>37,863</u>	<u>61,323</u>
<b>Total Assets</b>	<b>101,811</b>	<b>134,564</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	104,435	103,045
Irredeemable Convertible Preference Shares	9,408	9,408
Employees share options scheme ("ESOS") reserve	441	441
Treasury shares	(72)	(72)
Accumulated losses	(58,065)	(31,211)
Equity attributable to owners of the Company	56,147	81,611
Non-controlling interests	(8,152)	128
<b>Total equity</b>	<u>47,995</u>	<u>81,739</u>
<b>Non-current liabilities</b>		
Lease liabilities	271	1,104
Deferred taxation	98	1,841
	<u>369</u>	<u>2,945</u>
<b>Current Liabilities</b>		
Trade payables	23,581	25,304
Other payables	11,124	6,040
Lease liabilities	1,153	908
Short term borrowings	17,301	17,469
Amount owing to a Director	108	108
Contract liabilities	-	50
Current tax liabilities	180	1
	<u>53,447</u>	<u>49,880</u>
<b>Total liabilities</b>	<u>53,816</u>	<u>52,825</u>
<b>Total equity and liabilities</b>	<b>101,811</b>	<b>134,564</b>
Net Assets Per Share attributable to Owners of the Company (RM)	0.24	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.*

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## HANDAL ENERGY BERHAD

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

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

For 15 months ended 30 September 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		
<b>Balance as at 1 July 2021</b>	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	1,390	-	-	-	-	1,390	-	1,390
Acquisition of addition equity interest from non-controlling interest	-	-	-	-	-	-	(4,205)	(4,205)
Total comprehensive loss for the year	-	-	-	-	(26,854)	(26,854)	(4,075)	(30,929)
<b>Balance as at 30 June 2022</b>	<b>104,435</b>	<b>9,408</b>	<b>(72)</b>	<b>441</b>	<b>(58,065)</b>	<b>56,147</b>	<b>(8,152)</b>	<b>47,995</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 repo*

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Current Year To Date 1 July 2021 to 30 September 2022 RM'000	Preceding Year Corresponding Period 1 July 2020 to 30 September 2021 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	(32,482)	-
Adjustments for:		
Depreciation of property, plant and equipment	2,230	-
Depreciation of right-of-use assets	655	-
Interest income	(104)	-
Interest expense	1,612	-
(Gain)/Loss on disposal of property, plant and equipment	-	-
Impairment of trade receivables	92	-
Impairment of intangible assets	6,281	-
Operating loss before changes in working capital	(21,716)	-
Changes in working capital:		
Inventories	(166)	-
Trade and other receivables	17,747	-
Contract cost assets	5,670	-
Contract cost liabilities	(50)	-
Trade and other payables	3,361	-
Amount owing (by)/to related parties	(4,205)	-
Amount owing by director	-	-
Net cash generated from operations	641	-
Interest received	104	-
Interest paid	(1,612)	-
Tax paid	(152)	-
Tax refund	-	-
Net cash generated/ (used in) from operating activities	(1,019)	-
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	-
Construction of PPE	-	-
Private placement exercise	1,390	-
Recognition of right-of-use assets	(115)	-
Purchase of property, plant and equipment	243	-
Acquisition of subsidiary companies, net of cash acquired	-	-
Disposal of financial assets at fair value through profit	102	-
Net cash (used in)/ generated from investing activities	1,620	-

*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 2022**

	Current Year To Date	Preceding Year Corresponding Period
	1 July 2021 to 30 September 2022	1 July 2020 to 30 September 2021
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Decrease/(Increase) in pledged fixed deposits	491	-
Repayment (advance) to a Director	-	-
Issuance of capital consideration	-	-
Drawdown from/(Repayment of) trade financing	3,713	-
Repayment of lease liabilities and borrowings	(588)	-
Net cash generated from/(used in) financing activities	<u>3,616</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	4,217	-
Cash and cash equivalents at the beginning of the financial year/period	(15,634)	-
Cash and cash equivalents at the end of the financial year/period	<u>(11,417)</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year/period comprises:		
Cash and bank balances	784	-
Fixed deposits	12,890	-
Bank overdrafts	(12,202)	-
	<u>1,473</u>	<u>-</u>
<b>Less: Fixed deposits pledged with licensed banks</b>	<u>(12,890)</u>	<u>-</u>
	<u>(11,417)</u>	<u>-</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 FIFTH QUARTER ENDED  
30 SEPTEMBER 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"



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED  
30 SEPTEMBER 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.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED  
30 SEPTEMBER 2022**

**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 2022**

For 3 Months Period ended 30 September 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	-	4,342	5,291	-	-	9,633
Inter-segment	-	-	-	84	(84)	-
<b>Total revenue</b>	-	<b>4,342</b>	<b>5,291</b>	<b>84</b>	<b>(84)</b>	<b>9,633</b>
<b>Results</b>						
Gross Profit /(Loss)	-	2,175	14	84	-	2,273
GP Margin	-	50%	0%	100%	-	24%
Other operating income	-	51	4	0	-	55
Administrative and Other operation expenses	(944)	16,413	(20,147)	(8)	900	(3,786)
Impairment loss on trade receivables	-	664	-	-	-	664
Impairment loss on intangible asset	-	-	-	-	-	0
Depreciation	(150)	(296)	(81)	(28)	-	(555)
Finance cost	(2)	(159)	(179)	(33)	-	(373)
Impairment losses						
Share of results in a joint venture						
<b>Profit/(Loss) before tax</b>	<b>(1,096)</b>	<b>18,848</b>	<b>(20,389)</b>	<b>15</b>	<b>900</b>	<b>(1,722)</b>
Taxation	-	-	-	-	-	-
<b>Profit/(Loss) after tax</b>	<b>(1,096)</b>	<b>18,848</b>	<b>(20,389)</b>	<b>15</b>	<b>900</b>	<b>(1,722)</b>
<b>Assets</b>						
Segment assets	2,781	49,622	12,261	1,711	35,436	101,811
<b>Liabilities</b>						
Segment liabilities	3,438	25,708	21,296	3,610	(236)	53,816

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)**
**A8. Segmental Information (Continued)**

The result of the financial period ended 30 September 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
<b>Revenue</b>						
Revenue from external	-	18,605	20,568	827	-	40,000
Inter-segment	-	-	-	623	(623)	-
<b>Total revenue</b>	-	<b>18,605</b>	<b>20,568</b>	<b>1,450</b>	<b>(623)</b>	<b>40,000</b>
<b>Results</b>						
Gross Profit /(Loss)	-	(616)	1,605	908	-	1,897
GP Margin	-	-3%	8%	63%	-	5%
Other operating income	1	231	285	21	-	538
Administrative and Other operation expenses	(1,294)	(1,834)	(21,232)	(589)	903	(24,046)
Depreciation	(794)	(1,529)	(421)	(143)	-	(2,887)
Finance cost	(21)	(912)	(520)	(159)	-	(1,612)
Impairment loss on trade receivables	-	(92)	-	-	-	(92)
Impairment loss on intangible asset	-	(6,281)	-	-	-	(6,281)
<b>Profit/(Loss) before tax</b>	<b>(2,108)</b>	<b>(11,033)</b>	<b>(20,283)</b>	<b>38</b>	<b>903</b>	<b>(32,483)</b>
Taxation	-	1,723	(94)	(75)	-	1,554
<b>Profit/(Loss) after tax</b>	<b>(2,108)</b>	<b>(9,310)</b>	<b>(20,377)</b>	<b>(37)</b>	<b>903</b>	<b>(30,929)</b>
<b>Assets</b>						
Segment assets	2,781	49,622	12,261	1,711	35,436	101,811
<b>Liabilities</b>						
Segment liabilities	3,438	25,708	21,296	3,610	(236)	53,816



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED  
30 SEPTEMBER 2022**

**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 2022

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

There is no change in the composition of the Group for the current period ended 30 September 2022.

**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**

There is not significant related party transaction for the current period ended 30 September 2022.



**HANDAL ENERGY BERHAD**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED  
30 SEPTEMBER 2022**

**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.

**HANDAL ENERGY BERHAD****(Company Registration No. 200801015549 (816839-X))****UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED  
30 SEPTEMBER 2022****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 was originally fixed for 6 October 2022 but the Court has since moved the hearing to 12 January 2023.

Meanwhile in the High Court the Defendant's Defence is due on 2 December 2023.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance****(a) Current Quarter (Q5 FY2022) vs Preceding Quarter (Q5 FY2021)**

	Individual Period		Variance	
	Current Quarter	Preceding Quarter		
	30 September 2022	30 September 2021		
	RM' 000	RM' 000	RM' 000	%
Revenue	9,633	-	9,633	100
Gross Profit	2,273	-	2,273	100
(Loss) / Profit Before Interest and Tax	(1,349)	-	(1,349)	100
(Loss) / Profit Before Tax	(1,722)	-	(1,722)	100
(Loss) / Profit After Tax	(1,722)	-	(1,722)	100

The Group reported a loss after tax of RM1.72 million for this current quarter. This is mainly due to lower revenue reported at RM9.63 million for overall business segments and lower gross profit margin reported at RM 2.2 million or 23%.

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

The reported revenue for this business segment was RM4.3 million. The current revenue mainly from overhaul maintenance RM 4.19 million and parts trading RM 0.1 million. The gross profit for current quarter was RM2.2 million.

**HANDAL ENERGY BERHAD****(Company Registration No. 200801015549 (816839-X))****UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED  
30 SEPTEMBER 2022****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****(ii) Pipeline Engineering Services**

The revenue of this business segment reported at RM5.3 million which mainly contributed by revenue from piping isolation RM3.9 million, riser maintenance RM1.1 million and operational pigging RM0.23 million. The gross loss for current quarter was RM0.01 million and loss after tax was RM20.4 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 0.08 million revenue within the group which has been eliminated on the group level. Included in this current quarter administrative and other operating expenses is the impairment of investment in subsidiary of RM0.9 million which also has been eliminated on the group level. The loss after tax for this current quarter was RM1.1 million.

**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 period ended		
	30 September 2022	30 September 2021		
	RM' 000	RM' 000	RM' 000	%
Revenue	40,000	-	40,000	100
Gross (Loss)/Profit	1,897	-	1,897	100
(Loss)/Profit Before Interest and Tax	(30,871)	-	(30,871)	100
(Loss) /Profit Before Tax	(32,483)	-	(32,483)	100
(Loss) /Profit After Tax	(30,929)	-	(30,929)	100

The Group reported a revenue of RM40.0 million for 15-months period ended 30 September 2022. Revenue was contributed mainly from overhaul maintenance, parts trading, piping isolation and riser maintenance.

The administrative and other operating expenses reported for the 15 months was RM30.4 million. Included in the administrative cost is the impairment for Intellectual Property Right of RM 6.28 million in the period



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**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's reported a loss after tax of RM30.9 million for the 15-months period ended 30 September 2022 and the overall gross profit margin for the period was RM1.9 million or 4.7%.

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 reported revenue of this business segment for 15-month period ending 30 September 2022 was RM18.6 million. Revenue contributed mainly from overhaul maintenance RM13.7 million, parts trading RM3.5 million, crane rental RM0.8 million and crane manufacturing RM0.5 million. The gross loss reported for the period was RM0.6 million and loss after tax was RM9.3 million.

(ii) Pipeline Engineering Service

The reported revenue of this business segment for 15-month period ending 30 September 2022 was RM20.6 million. Revenue contributed mainly from piping isolation RM7.7 million, riser maintenance RM7.5 million and operational pigging RM3.8 million. The gross revenue reported for the was RM1.6 million and loss after tax was RM20.4 million.

(iii) Investment Holding and Other Businesses

There is no revenue for other businesses reported for this period. The gross loss for this segment reported was RM0.9 million and loss after tax was RM2.1 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**

	Individual Quarter		Variance	
	Current Quarter Ended	Immediate Preceding Quarter Ended		
	30 September 2022	30 June 2022		
	RM' 000	RM' 000	RM' 000	%
Revenue	9,633	1,311	8,322	635
Gross Profit / (Loss)	2,273	(8,469)	10,742	(127)
(Loss) / Profit Before Interest and Tax	(1,349)	(20,284)	18,935	(93)
(Loss) / Profit Before Tax	(1,722)	(20,543)	18,821	(92)
(Loss) / Profit After Tax	(1,722)	(19,517)	17,795	(91)

The Group posted a loss after tax of RM 1.7 million in the current quarter as compared to loss after tax of RM 19.5 million registered in the immediate preceding quarter. The Group's revenue for the reporting quarter was RM 9.6 million, an increase of RM 8.3 million as compared to RM 1.3 million recorded in the immediate preceding quarter due to increase revenue realised in overhaul and maintenance and piping isolation as compared to preceding quarter.





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

**B3. Prospects**

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 are experiencing PETRONAS and PAC maturing key market surveys and pre-qualification exercises into strategic tenders between coming up in 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 into a diversified holding company away from purely an Oil & Gas company. Via Handal Digital Sdn Bhd, Handal has secured the Network Facility Provider License from Malaysian Communications and Multimedia Commission ("MCMC") (Minister of Telecommunications and Multimedia) This will allow Handal to build on its Crane manufacturing facility to build operate and own telecommunication towers which Handal shall start roll out in Sabah.

In the Oil & Gas Handal, contracts recently awarded are expected to start operations in January 2023 such as the following:

- a) 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).
- b) New contract from Petronas Carigali Sdn Bhd ("PCSB") for provision of other lifting equipment maintenance, services and supply of parts (Package C).
- c) Contract from ExxonMobil Exploration & Production Malaysia Inc ("ExxonMobil") for the Provision of Crane Overhaul, Repair and Refurbishment Services to ExxonMobil operated platforms for a duration of five (5) years.

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

The fifth (5<sup>th</sup>) 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.



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**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 September 2022 <u>RM'000</u>	As at 30 June 2021 <u>RM'000</u>
<b>Short term borrowings- Secured</b>		
Bank overdrafts	12,202	16,083
Trade financing	5,099	1,386
Lease Liabilities	<u>1,153</u>	<u>908</u>
	18,454	18,377
<b>Long term borrowings- Secured</b>		
Lease Liabilities	<u>271</u>	<u>1,104</u>
<b>Total Borrowings</b>	<u><b>18,725</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 30 September 2022.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA  
MALAYSIA SECURITIES BERHAD (CONTINUED)**
**B10. Earnings Per Share**

	Current Quarter Ended	Current Year to Date
	RM'000	RM'000
<b>Basic Earnings Per Share</b>		
Earning/(Loss) for the period attributable to equity holders of the company	2,355	(26,854)
Weighted average of ordinary shares in issued ("000)	233,488	233,488
Earning/(Loss) Per Share (Sen)	1.01	(11.50)

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**

	Current Quarter Ended 30 September 2022	Current Period to Date 30 September 2022
	RM'000	RM'000
This is arrived at after (crediting)/ charging:		
Interest Income	(31)	(153)
Interest expenses	373	1,612
Foreign exchange gain/(loss)	31	129
Fair value changes in financial assets at fair value through profit or loss	-	-
Gain on disposal of property, plant and equipment	-	-
Depreciation	555	2,887
Impairment loss on trade receivable	(664)	(664)
Impairment loss on intangible asset	-	6,281