

## HANDAL ENERGY BERHAD

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

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Individual Quarter		Cumulative Year	
	Current Year	Preceding Year	Current Year To	Preceding Year
	Quarter	Corresponding	Date	Corresponding
	1 October 2022 to 31 December 2022	1 October 2021 to 31 December 2021	1 July 2021 to 31 December 2022	1 July 2020 to 31 December 2021
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	1,568	-	41,568	-
Cost of sales and services	82	-	(38,021)	-
<b>Gross profit</b>	1,650	-	3,547	-
Other operating income	19	-	557	-
Administration and other operating expenses	(9,063)	-	(33,109)	-
Depreciation	(493)	-	(3,380)	-
Finance costs	(290)	-	(1,902)	-
Impairment loss on trade receivables	318	-	226	-
Impairment loss on Intangible asset	-	-	(6,281)	-
<b>(Loss)/Profit before taxation</b>	(7,859)	-	(40,342)	-
Income tax expense	130	-	1,684	-
<b>(Loss)/Profit after tax for the period</b>	(7,729)	-	(38,658)	-
<b>Other comprehensive income</b>	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-
<b>Total comprehensive (loss)/profit for the period</b>	<b>(7,729)</b>	<b>-</b>	<b>(38,658)</b>	<b>-</b>
<b>Total comprehensive loss attributable to:</b>				
Equity holders of the parent	(6,383)	-	(33,237)	-
Non-controlling Interest	(1,346)	-	(5,421)	-
	<b>(7,729)</b>	<b>-</b>	<b>(38,658)</b>	<b>-</b>
Weighted average no. of ordinary shares in issue ('000) (Note 1)	235,884	235,884	235,884	235,884
(Loss)/ Earning per share attributable to Owners of the Company				
- Basic (sen)	(2.71)	-	(14.09)	-
(Loss)/ Earning per share - Diluted (sen)	(2.71)	-	(14.09)	-

**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 financial year ended 30 June 2021 and the accompanying notes attached to this quarter report.
3. The financial year end of the company was changed from 30 June to 31 December. Accordingly, the current financial statements are prepared for 18 months from 30 June 2021 to 31 December 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 31 DECEMBER 2022

	Unaudited As at 31 December 2022 RM'000	Audited As at 30 June 2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	27,915	30,934
Right of Use Assets	142	769
Intangible assets (Note 1)	35,182	41,538
	63,239	73,241
<b>Current Assets</b>		
Inventories	8,296	9,226
Trade receivables	1,830	16,831
Other receivables	3,606	13,262
Contract cost assets	3,914	7,679
Tax recoverable	554	393
Short term investment	-	102
Fixed deposits with licensed banks	11,476	13,381
Cash in hand and at bank	510	449
	30,186	61,323
<b>Total Assets</b>	<b>93,425</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	196	441
Treasury shares	(72)	(72)
Accumulated losses	(64,448)	(31,211)
Equity attributable to owners of the Company	49,519	81,611
Non-controlling interests	(8,947)	128
<b>Total equity</b>	40,572	81,739
<b>Non-current liabilities</b>		
Lease liabilities	189	1,104
Deferred taxation	(13)	1,841
	176	2,945
<b>Current Liabilities</b>		
Trade payables	24,926	25,304
Other payables	15,336	6,040
Lease liabilities	1,090	908
Short term borrowings	11,037	17,469
Amount owing to a Director	108	108
Contract liabilities	-	50
Current tax liabilities	180	1
	52,677	49,880
<b>Total liabilities</b>	52,853	52,825
<b>Total equity and liabilities</b>	<b>93,425</b>	<b>134,564</b>
Net Assets Per Share attributable to Owners of the Company (RM)	0.22	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 DECEMBER 2022**

For 18 months ended 31 December 2022	Attributable to equity holders of the Company								
	Non-distributable				Distributable			Non-controlling Interest	Total Equity
	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	
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	1,390	-	-	(245)	-	1,145	-	1,145	
Acquisition of addition equity interest from non-controlling interest	-	-	-	-	-	-	(3,654)	(3,654)	
Total comprehensive loss for the year	-	-	-	-	(33,237)	(33,237)	(5,421)	(38,658)	
<b>Balance as at 31 December 2022</b>	<b>104,435</b>	<b>9,408</b>	<b>(72)</b>	<b>196</b>	<b>(64,448)</b>	<b>49,519</b>	<b>(8,947)</b>	<b>40,572</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 DECEMBER 2022**

	Current Year To Date 1 July 2021 to 31 December 2022 RM'000	Preceding Year Corresponding Period 1 July 2020 to 31 December 2021 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	(40,342)	-
Adjustments for:		
Depreciation of property, plant and equipment	2,649	-
Depreciation of right-of-use assets	731	-
Interest income	(168)	-
Interest expense	-	-
(Gain)/Loss on disposal of property, plant and equipment	-	-
Share based payments under ESOS	(245)	-
Impairment of inventories	1,200	-
Impairment of trade receivables	(226)	-
Impairment of intangible assets	6,356	-
Operating loss before changes in working capital	(30,045)	-
Changes in working capital:		
Inventories	(272)	-
Trade and other receivables	23,337	-
Contract cost assets	5,312	-
Contract cost liabilities	(50)	-
Trade and other payables	8,917	-
Amount owing (by)/to related parties	(3,654)	-
Amount owing by director	-	-
Net cash generated from operations	3,545	-
Interest received	168	-
Interest paid	-	-
Tax paid	(152)	-
Tax refund	-	-
Net cash generated/ (used in) from operating activities	3,561	-
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	-
Construction of PPE	371	-
Private placement exercise	1,390	-
Recognition of right-of-use assets	(103)	-
Purchase of property, plant and equipment	0	-
Acquisition of subsidiary companies, net of cash acquired	-	-
Disposal of financial assets at fair value through profit and	102	-
Net cash (used in)/ generated from investing activities	1,760	-

*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 PERIOD ENDED 31 DECEMBER 2022**

	Current Year To Date	Preceding Year Corresponding Period
	1 July 2021 to 31 December 2022	1 July 2020 to 31 December 2021
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Decrease/(Increase) in pledged fixed deposits	1,905	-
Repayment (advance) to a Director	-	-
Issuance of capital consideration	-	-
Drawdown from/(Repayment of) trade financing	(565)	-
Repayment of lease liabilities and borrowings	(733)	-
Net cash generated from/(used in) financing activities	607	-
Net (decrease)/increase in cash and cash equivalents	5,928	-
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	(9,706)	-
Cash and cash equivalents at the end of the financial year/period comprises:		
Cash and bank balances	510	-
Fixed deposits	11,476	-
Bank overdrafts	(10,217)	-
	1,770	-
Less: Fixed deposits pledged with licensed banks	(11,476)	-
	(9,706)	-

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 SIXTH QUARTER ENDED  
31 DECEMBER 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 SIXTH QUARTER ENDED**

**31 DECEMBER 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 SIXTH QUARTER ENDED**

**31 DECEMBER 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 31 December 2022

For 3 Months Period ended 31 December 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	-	(2,196)	3,764	-	-	1,568
Inter-segment	-	4,820	-	84	(4,904)	-
<b>Total revenue</b>	<b>-</b>	<b>2,624</b>	<b>3,764</b>	<b>84</b>	<b>(4,904)</b>	<b>1,568</b>
<b>Results</b>						
Gross Profit /(Loss)	-	473	1,107	84	(14)	1,650
GP Margin	-	18%	29%	100%	0%	105%
Other operating income	-	(10)	26	0	3	19
Administrative and Other operation expenses	(107)	(1,678)	(7,770)	(22)	514	(9,063)
Impairment loss on trade receivables	-	318	-	-	-	318
Impairment loss on intangible asset	-	-	-	-	-	-
Depreciation	(83)	(302)	(82)	(24)	(2)	(493)
Finance cost	-	(183)	(106)	(3)	2	(290)
<b>Profit/(Loss) before tax</b>	<b>(190)</b>	<b>(1,382)</b>	<b>(6,825)</b>	<b>35</b>	<b>503</b>	<b>(7,859)</b>
Taxation	-	-	130	-	-	130
<b>Profit/(Loss) after tax</b>	<b>(190)</b>	<b>(1,382)</b>	<b>(6,695)</b>	<b>35</b>	<b>503</b>	<b>(7,729)</b>
<b>Assets</b>						
Segment assets	567	43,797	12,190	1,510	35,361	93,425
<b>Liabilities</b>						
Segment liabilities	1,431	27,238	23,045	1,440	(301)	52,853

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

**A8. Segmental Information (Continued)**

The result of the financial period ended 31 December 2022

Financial Period ended 31 December 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	-	16,409	24,333	170	656	41,568
Inter-segment	-	4,820	-	707	(5,527)	-
<b>Total revenue</b>	<b>-</b>	<b>21,229</b>	<b>24,333</b>	<b>877</b>	<b>(4,871)</b>	<b>41,568</b>
<b>Results</b>						
Gross Profit /(Loss)	-	(142)	2,712	659	318	3,547
GP Margin	-	-1%	11%	75%	-	9%
Other operating income	1	221	311	1	23	557
Administrative and Other operation expenses	(1,401)	(3,527)	(29,002)	(466)	1,287	(33,109)
Depreciation	(877)	(1,832)	(502)	(149)	(20)	(3,380)
Finance cost	(21)	(1,092)	(626)	(22)	(141)	(1,902)
Impairment loss on trade receivables	-	226	-	-	-	226
Impairment loss on intangible asset	-	(6,281)	-	-	-	(6,281)
<b>Profit/(Loss) before tax</b>	<b>(2,298)</b>	<b>(12,427)</b>	<b>(27,107)</b>	<b>23</b>	<b>1,467</b>	<b>(40,342)</b>
Taxation	-	1,723	36	(75)	-	1,684
<b>Profit/(Loss) after tax</b>	<b>(2,298)</b>	<b>(10,704)</b>	<b>(27,071)</b>	<b>(52)</b>	<b>1,467</b>	<b>(38,658)</b>
<b>Assets</b>						
Segment assets	567	43,797	12,190	1,510	35,361	93,425
<b>Liabilities</b>						
Segment liabilities	1,431	27,238	23,045	1,440	(301)	52,853



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SIXTH QUARTER ENDED  
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**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 2022.

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

The Company has on 30 November 2022, transferred 1,800,000 shares in Handal Engineering Sdn Bhd for a consideration of RM1.00.

**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 were no related party transactions for the current period ended 31 December 2022.



**HANDAL ENERGY BERHAD**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SIXTH QUARTER ENDED**

**31 DECEMBER 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.

**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.

The proceedings in the High Court continue, whereby pleadings closed on 13 January 2023. Parties are now abiding by pre-trial directions and the next case management is fixed on 29 March 2023 to update the High Court on progress of the same.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance****(a) Current Quarter (Q6 FY2022) vs Preceding Quarter (Q6 FY2021)**

	Individual Period		Variance	
	Current Quarter	Preceding Quarter		
	31 December 2022	31 December 2021		
	RM' 000	RM' 000	RM' 000	%
Revenue	1,568	-	1,568	100
Gross Profit	1,650	-	1,650	100
(Loss) / Profit Before Interest and Tax	(7,569)	-	(7,569)	100
(Loss) / Profit Before Tax	(7,859)	-	(7,859)	100
(Loss) / Profit After Tax	(7,729)	-	(7,729)	100

The Group reported a loss after tax of RM7.72 million for this current quarter. This is mainly due to lower revenue reported at RM1.57 million for overall business segments and lower gross profit margin reported at RM 1.65 million.

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

The reported revenue for this business segment was RM 2.64 million. The decreased in current revenue mainly from overhaul maintenance RM (1.06) million and crane rental RM 0.1 million. Included in the reported revenue is for other engineering services RM 4.82 million which was

**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 (Continued)**

eliminated at a group. The gross profit for current quarter was RM 0.5 million and loss after tax reported for this quarter was RM1.38 million.

(ii) Pipeline Engineering Services

The revenue of this business segment reported at RM3.76 million which mainly contributed by revenue from riser maintenance RM1.43 million, operational pigging RM0.6 million and other engineering services of RM1.98 million. The gross profit for current quarter was RM1.1 million and loss after tax was RM6.7 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 no internal work done between the group and reported revenue for this quarter. Included in this current quarter administrative and other operating expenses is the gain on disposal of subsidiary of RM0.5 million which has been eliminated at a group level. The loss after tax for this current quarter was RM0.15 million.

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

**(a) Current Year to date vs Preceding Year**

	Cumulative Period		Variance	
	Current Year to Date	Preceding Year period ended		
	31 December 2022	31 December 2021	RM' 000	%
	RM' 000	RM' 000	RM' 000	%
Revenue	41,568	-	41,568	100
Gross (Loss)/Profit	3,547	-	3,547	100
(Loss)/Profit Before Interest and Tax	(38,440)	-	(38,440)	100
(Loss) /Profit Before Tax	(40,342)	-	(40,342)	100
(Loss) /Profit After Tax	(38,658)	-	(38,658)	100

The Group reported a revenue of RM41.6 million for 18-months period ended 31 December 2022. Revenue was contributed mainly from overhaul maintenance, parts trading, piping isolation, riser maintenance and other engineering services.

**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 administrative and other operating expenses reported for the 18 months was RM39.1 million. Included in the administrative cost is the impairment for Intellectual Property Right of RM 6.28 million in the period.

The Group's reported a loss after tax of RM38.6 million for the 18-months period ended 31 December 2022 and the overall gross profit margin for the period was RM3.5 million or 9%.

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

(i) Integrated Crane Services

The reported revenue of this business segment for 18-month period ending 31 December 2022 was RM21.2million. Revenue contributed mainly from overhaul maintenance RM12.6 million, parts trading RM3.5 million, crane manufacturing RM0.5 million and other engineering services which eliminated at a group. The gross loss reported for the period was RM0.01 million and loss after tax was RM10.7 million.

(ii) Pipeline Engineering Services

The reported revenue of this business segment for 18-month period ending 31 December 2022 was RM24.3 million. Revenue contributed mainly from piping isolation RM4.8 million, riser maintenance RM10.4 million and operational pigging RM4.4 million and other engineering services RM4.67. The gross profit reported for the period was RM2.7 million and loss after tax was RM27.0 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 RM0.8 million and loss after tax was RM2.35 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 (Continued)**

	Individual Quarter		Variance	
	Current Quarter Ended	Immediate Preceding Quarter Ended		
	31 December 2022	30 September 2022	RM' 000	%
	RM' 000	RM' 000	RM' 000	%
Revenue	1,568	9,633	(8,065)	(84)
Gross Profit / (Loss)	1,650	2,273	(623)	(27)
(Loss) / Profit Before Interest and Tax	(7,569)	(1,349)	(6,220)	461
(Loss) / Profit Before Tax	(7,859)	(1,722)	(6,137)	356
(Loss) / Profit After Tax	(7,729)	(1,722)	(6,007)	349

The Group reported a loss after tax of RM 7.72 million in the current quarter as compared to loss after tax of RM 1.72 million registered in the immediate preceding quarter. The Group's revenue for the reporting quarter was RM 1.5 million, a decrease of RM 8.1 million as compared to RM 9.6 million recorded in the immediate preceding quarter due to lower revenue realised in Integrated Crane Services business segment.



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

While we do not expect any significant changes to our clients' business plan for the current period, we would expect a positive shift in business growth activities for 2023 and beyond as the 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.

Handal is currently transitioning into a diversified holding company away from purely an Oil & Gas company. Via Handal Digital Sdn Bhd, Handal has secured a Network Facility Provider License from Malaysian Communications and Multimedia Commission ("MCMC") (Minister of Telecommunications and Multimedia) This will allow Handal to leverage off its Crane manufacturing facility to build operate and own telecommunication towers which Handal shall start roll out in Sabah.

Via Handal Borneo Resources Sdn Bhd Handal has secured a 150 million cubic meter Marine Sand Concession that shall charter Handal's growth for 2023 and beyond.

**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 October 2022 to 31 December 2022 RM'000	Preceding Year Corresponding Quarter 1 October 2021 to 31 December 2021 RM'000	Current Period To Date 1 July 2021 to 31 December 2022 RM'000	Preceding Year Corresponding Period 1 July 2020 to 31 December 2021 RM'000
Deferred tax	36	-	1,759	0
Current tax	94	-	(75)	0
	<u>130</u>	<u>0</u>	<u>1,684</u>	<u>0</u>

The Group effective tax rate is lower than the statutory tax rate of 24% due to deferred tax assets not recognized for certain subsidiaries during the period.

**B6. Borrowings and Debt Securities**

	As at 30 December 2021 2022 RM'000	As at 30 June 2021 RM'000
<b>Short term borrowings- Secured</b>		
Bank overdrafts	10,217	16,083
Trade financing	821	1,386
Lease Liabilities	1,090	908
	<u>12,127</u>	<u>18,377</u>
<b>Long term borrowings- Secured</b>		
Lease Liabilities	189	1,104
<b>Total Borrowings</b>	<u>12,316</u>	<u>19,481</u>

The fixed deposits of the Group have been pledged as security for Trade Financing and Bank overdraft. All borrowings are denominated in Ringgit Malaysia (RM).

**B7. Material Litigation**

Please refer to Item A15.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA  
MALAYSIA SECURITIES BERHAD (CONTINUED)****B8. Dividends**

Dividends have not been recommended for the current quarter ended 31 December 2022.

**B9. Earnings Per Share**

	Individual Quarter	Cumulative Quarter
	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	(6,383)	(33,237)
Weighted average of ordinary shares in issued ('000)	235,884	235,884
Earning/(Loss) Per Share (Sen)	(2.71)	(14.09)

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.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B10. Loss before Taxation**

	Individual Quarter	Cumulative Quarter
	Current Quarter Ended 31 December 2022	Current Period to Date 31 December 2022
	RM'000	RM'000
This is arrived at after (crediting)/ charging:		
Interest Income	(3)	(157)
Interest expenses	290	1,902
Foreign exchange gain/(loss)	(31)	98
Fair value changes in financial assets at fair value through profit or loss	-	-
Gain on disposal of property, plant and equipment	-	-
Depreciation	493	3,380
Impairment loss on trade receivable	(318)	(226)
Impairment loss on intangible asset	-	6,281