

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Individual Quarter		Cumulative Year	
		Preceding Year		Preceding Year
	Current Year	Corresponding	Current Year	Corresponding
	Quarter	Quarter	To Date	Period
	1 Apr 2023 to 30 Jun 2023	1 Apr 2022 to 30 Jun 2022	1 Jan 2023 to 30 Jun 2023	1 Jan 2023 to 30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	1,230	-	18,731	-
Cost of sales and services	(1,128)	-	(16,730)	-
Gross profit	102	-	2,001	-
Other operating income	1,879	-	19,226	-
Administration and other operating expenses	(4,131)	-	(7,226)	-
Depreciation	(388)	-	(803)	-
Finance costs	(178)	-	(364)	-
(Loss)/profit before taxation	(2,716)	-	12,834	-
Income tax expense	-	-	-	-
(Loss)/profit after tax for the period	(2,716)	-	12,834	-
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive (loss)/profit for the period	(2,716)	-	12,834	-
Total comprehensive profit attributable to:				
Equity holders of the parent	(2,713)	-	9,382	-
Non-controlling Interest	(3)	-	3,452	-
	(2,716)	-	12,834	-
Weighted average no. of ordinary shares in issue ('000) (Note 1)	240,367	-	240,367	-
Earning per share attributable to Owners of the Company				
- Basic (sen)	(1.13)	-	3.90	-
Earning per share - Diluted (sen)	(1.13)	-	3.90	-

Notes:

1. Basic/ Diluted earnings per share for the quarter and financial period are calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter
2. The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the financial statements for the financial period ended 31 December 2022 and the accompanying notes attached to this quarterly financial report.
3. There are no comparative figures for the quarter ended 30 June 2023. Due to the change in financial year end from 30 June to 31 December, the Unaudited Condensed Consolidated Statement of comprehensive income for the current quarter ended 30 June 2023, being the second quarter of the financial year ending 31 December 2023, is not comparable with the second quarter of the previous financial period ended 31 December 2022.

HANDAL ENERGY BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Unaudited As at 30 June 2023 RM'000	Audited As at 31 December 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	26,438	27,724
Right of Use Assets	149	216
Intangible assets (Note 1)	35,257	35,257
	61,844	63,197
Current Assets		
Inventories	7,347	7,380
Trade receivables	273	2,902
Other receivables	2,352	2,957
Contract cost assets	17,227	2,455
Tax recoverable	277	565
Fixed deposits with licensed banks	5,921	11,035
Cash in hand and at bank	66	364
	33,463	27,658
Total Assets	95,307	90,855
EQUITY AND LIABILITIES		
Equity		
Share capital	104,435	104,435
Irredeemable Convertible Preference Shares	9,408	9,408
Employees share options scheme ("ESOS") reserve	602	602
Treasury shares	(72)	(72)
Accumulated losses	(68,114)	(77,496)
Equity attributable to owners of the Company	46,259	36,877
Non-controlling interests	531	(2,921)
Total equity	46,790	33,956
Non-current liabilities		
Lease liabilities	-	494
Deferred taxation	395	395
	395	889
Current Liabilities		
Trade payables	20,071	25,087
Other payables	18,582	18,892
Lease liabilities	784	630
Short term borrowings	8,420	11,038
Amount owing to a Director	10	108
Contract liabilities	-	-
Current tax liabilities	255	255
	48,122	56,010
Total liabilities	48,517	56,899
Total equity and liabilities	95,307	90,855
Net Assets Per Share attributable to Owners of the Company (RM)	0.20	0.16

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 Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2022 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 2023**

For 6 months ended 30 June 2023	Attributable to equity holders of the Company							Total	Non-controlling Interest	Total Equity
	Non-distributable				Distributable					
	Share Capital	Share Premium	Irredeemable Convertible Preference Shares	Treasury Shares	ESOS Reserve	Accumulated Losses				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2023	104,435	0	9,408	(72)	602	(77,496)	36,877	(2,921)	33,956	
Total comprehensive profit for the year	-	-	-	-	-	9,382	9,382	3,452	12,834	
Balance as at 30 June 2023	104,435	0	9,408	(72)	602	(68,114)	46,259	531	46,790	

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 31 December 2022 and the accompanying notes attached to this quarterly financial report.

	Current Year To Date 1 Jan 2023 to 30 June 2023 RM'000	Preceding Year Corresponding Quarter 1 Jan 2022 to 30 June 2022 RM'000
Cash flows from operating activities		
Profit before taxation	12,834	-
Adjustments for:		
Depreciation of property, plant and equipment	958	-
Depreciation of right-of-use assets	66	-
Interest income	(76)	-
Interest expense	364	-
Gain on disposal of subsidiary company	(17,329)	-
Operating loss before changes in working capital	(3,183)	-
Changes in working capital:		
Inventories	33	-
Trade and other receivables	(13,407)	-
Contract cost assets	61	-
Trade and other payables	18,222	-
Net cash generated from operations	1,726	-
Interest received	76	-
Interest paid	(364)	-
Tax paid	-	-
Tax refund	-	-
Net cash generated from operating activities	1,438	-
Cash flows from investing activities		
Disposal of a subsidiary company, net of cash disposed of	(3,960)	-
Net cash used in from investing activities	(3,960)	-

The Unaudited Condensed Consolidated Statement of Cash flow should be read in conjunction with the audited financial statements for the financial period ended 31 December 2022 and the accompanying notes attached to this quarterly financial report.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	Current Year To Date	Preceding Year Corresponding Period
	1 Jan 2023 to 30 June 2023	1 Jan 2022 to 30 June 2022
	RM'000	RM'000
Cash flows from financing activities		
Decrease in pledged fixed deposits	5,114	-
Repayment of trade financing	(827)	-
Repayment of lease liabilities and borrowings	(216)	-
Net cash generated from financing activities	4,071	-
Net increase in cash and cash equivalents	1,549	-
Cash and cash equivalents at the beginning of the financial year/period	(9,810)	-
Cash and cash equivalents at the end of the financial year/period	(8,261)	-
Cash and cash equivalents at the end of the financial year/period comprises:		
Cash and bank balances	66	-
Fixed deposits	5,921	-
Bank overdrafts	(8,328)	-
	(2,340)	-
Less: Fixed deposits pledged with licensed banks	(5,921)	-
	(8,261)	-

The Unaudited Condensed Consolidated Statement of Cash flow should be read in conjunction with the audited financial statements for the financial period ended 31 December 2022 and the accompanying notes attached to this quarterly financial report



HANDAL ENERGY BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 JUNE 2023**

THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The interim financial report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.22 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2022. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 December 2022. The financial statements of the Group, which comprise the statement of financial position of the Group as at 31 March 2023, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the financial period ended 31 March 2023 have not been audited.

A2. Application of New and Amendments to MFRSs

The significant accounting policies applied are consistent with those adopted for the audited financial statements for the financial period ended 31 December 2022 except for the adoption of the following amendments to published standards:

(a) Amendments to published standards and annual improvements that are effective for the Group’s financial year beginning on or after 1 January 2023 and applicable to the Group are as follows:

- Amendments to MFRS 3, “Business Combinations” (Reference to the Conceptual Framework)
- Amendments to MFRS 116, “Property, Plant and Equipment” (Proceeds before Intended Use)
- Amendments to MFRS 137, “Provision, Contingent Liabilities and Contingent Assets” (Onerous Contracts - Cost of Fulfilling a Contract)
- Annual Improvement to MFRS Standards 2018 - 2020:
 - Amendment to MFRS 1, “First-time Adoption of Malaysian Financial Reporting Standards”
 - Amendment to MFRS 9, “Financial Instruments”
 - Amendment to Illustrative Examples accompanying MFRS 16, “Leases”
 - Amendment to MFRS 141, “Agriculture”



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED

30 JUNE 2023

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

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

- MFRS 17, “Insurance Contracts”
- Amendments to MFRS 17, “Insurance Contracts” (Initial application of MFRS 17 and MFRS 9 - Comparative Information)
- Amendments to MFRS 101, “Presentation of Financial Statements” (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 101, “Presentation of Financial Statements” (Disclosure of Accounting Policies)
- Amendments to MFRS 108, “Accounting Policies, Changes in Accounting Estimates and Errors” (Definition of Accounting Estimates)
- Amendments to MFRS 112, “Income Taxes” (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

The adoption of the above amendments to published standards and annual improvements did not result in any significant change to the accounting policies and did not have a material impact on the interim financial report of the Group.

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 31 December 2022 was unmodified.

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.

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 Maintenance, Repair and Overhaul services
Provision of crane rental, maintenance overhaul and repair along with turbo machinery maintenance, repair, and overhaul.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A8. Segmental Information (Continued)

- (iii) Inspection, maintenance and repair pipeline and structures.
Provision of fabrication, maintenance and engineering services for risers, pig traps and pipeline isolations, etc.
- (iv) Others
Crane manufacturing, mining, digital business, project management consultancy services in well services and pre-operating entities.

For 3 Months Period ended 30 June 2023	Investment holding	Integrated Maintenance , Repair and Overhaul	Inspection maintenance and repair pipeline and structures	Others	Consolidated adjustment	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Revenue from external	-	1,230		-	-	1,230
Inter-segment	-	-	-	-	-	-
Total revenue	-	1,230	0	-	-	1,230
Results						
Gross Profit	-	111		(9)	-	102
GP Margin	-	9%	-	-	-	8%
Other operating income	901	978	-	-	-	1,879
Administrative and Other operation expenses	(328)	(3,822)	-	19	-	(4,131)
Depreciation	(54)	(309)	-	(25)	-	(388)
Finance cost	-	(178)	-	-	-	(178)
Profit/(Loss) before tax	519	(3,220)	-	(15)	-	(2,716)
Taxation	-	-	-	-	-	-
Profit/(Loss) after tax	519	(3,220)	-	(15)	-	(2,716)
Assets						
Segment assets	33,739	68,940	-	1,317	(7,797)	96,199
Liabilities						
Segment liabilities	5,522	44,037	-	866	(1,906)	48,519

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A8. Segmental Information (Continued)

The result of the financial period ended 30 June 2023

Financial Period ended 30 June 2023	Investment holding	Integrated Maintenance , Repair and Overhaul	Inspection maintenance and repair pipeline and structures	Others	Consolidated adjustment	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Revenue from external	-	18,731	-	-	-	18,731
Inter-segment	-	-	-	-	-	-
Total revenue	-	18,731	-	-	-	18,731
Results						
Gross Profit	-	2,019	-	(18)	-	2,001
GP Margin	-	11%	-	-	-	11%
Other operating income	901	996	-	-	17,329	19,226
Administrative and Other operation expenses	(416)	(6,803)	-	(8)	-	(7,226)
Depreciation	(111)	(643)	-	(49)	-	(803)
Finance cost	-	(361)	-	(3)	-	(364)
Share of results in a joint ve	-	-	-	-	-	-
Profit/(Loss) before tax	374	(4,792)	-	(78)	-	12,834
Taxation	-	-	-	-	-	0
Profit/(Loss) after tax	374	(4,792)	0	(78)	-	12,834
Assets						
Segment assets	33,739	68,940	0	1,317	(7,797)	96,199
Liabilities						
Segment liabilities	5,522	44,037	0	866	(1,906)	48,519

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

The Company had on 14 July 2023, entered into a share sale agreement with Handal Energy Borneo Sdn Bhd for the disposal of 529,200 ordinary shares representing 49% equity interest in Handal Borneo Resources Sdn Bhd for a total consideration of RM529,200.00 to be settled entirely in cash.



HANDAL ENERGY BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 JUNE 2023**

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A11. Material events subsequent to the end of financial period reported (continued)

The Company had on 18 July 2023, entered into a share sale agreement with Eastpartners Capital Sdn Bhd for the disposal of 1,738,000 ordinary shares representing 100% equity interest in Handal Digital Sdn Bhd for a total cash consideration of RM693,000.

Following the completion of the disposals, both Handal Borneo Resources Sdn Bhd and Handal Digital Sdn Bhd cease to be subsidiaries of the Company.

A12. Changes in composition of the Group

The Company had on 3 March 2023 entered into a share sale agreement with Rekausaha Engineering Sdn. Bhd. for the disposal of 61% equity interest in Borneo Seaoffshore Engineering Sdn. Bhd. ("BSOE"), comprising of 1,195,600 ordinary shares for a total cash consideration of RM6.10.

Following the completion of the disposal, the total equity interest of the Company in BSOE decreased from 80% to 19%, BSOE ceased to be a subsidiary of the Company.

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 was no significant related party transaction for the current financial quarter.



HANDAL ENERGY BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED

30 JUNE 2023

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A15. Material Litigation

Handal Energy Berhad and its subsidiaries v Brian Chang, Tracy Chang, Emily Soon Wai Chin, Calm Oceans Pte Ltd and Brian Chang Holdings Ltd

On 3 August 2020, the Company and its two subsidiaries, Borneo Seaoffshore Engineering Sdn Bhd (“BSOE”) and Handal Engineering Sdn Bhd (“HESB”) (the “Plaintiff”) filed a legal suit against Brian Chang, Tracy Chang, Emily Soon Wai Chin, Calm Oceans Pte Ltd (“COPL”) and Brian Chang Holdings Ltd (the “Defendants”). The suit is premised on, among others, the Deceit and Negligent Misstatement of the Defendants wherein the Defendants misled the Plaintiffs on the cost efficiency of the Mono-Column Platform (“MCP”). The Plaintiffs relied on Defendants’ misleading representations to their own detriment, causing the Plaintiffs to suffer loss and damage. The Plaintiffs are seeking, among others, the following relief from the Court: -

- i. Special damages amounting to the Plaintiffs’ Investment being RM10,589,823.00;
- ii. Special damages amounting to the Plaintiffs’ Expenses being RM1,676,121.91;
- iii. General Damages of RM140,153,860.03;
- iv. Aggravated damages to be assessed and/or determined by the Court;
- v. Interest at 5% per annum from 27.9.2020 until full settlement; and
- vi. Costs.

The Plaintiffs solicitors successfully served the court document on the Defendants in Singapore and the British Virgin Islands.

On 15 December 2020, the Defendants solicitors entered appearance on their behalf in this suit.

On 28 December 2020, the Defendants’ solicitors filed an application to stay proceedings including the filing of the Defence on the basis that the suit should be referred to arbitration (the “Stay Application”). The affidavit in support of the Stay Application was affirmed by Tracy Chang on 11 January 2021.

On 25 January 2021 the Plaintiffs’ filed an Affidavit in Reply to oppose the Stay Application, and in turn the Defendants filed the Defendants’ Affidavit in Reply on 8 February 2021.

On 19 February 2021, the Plaintiffs filed a further Affidavit in Reply to address certain matters raised in the Defendants’ Affidavit in Reply.

On 23 February 2021, the Plaintiffs filed a Notice of Discontinuance in respect of the 2nd Plaintiff, Borneo Seaoffshore Engineering Sdn Bhd. On this same day, the Defendants filed Written Submissions in respect of the Stay Application.

The said application was heard on 22 March 2021 whereby the Defendants’ application was dismissed with no order as to costs. Dissatisfied with the dismissal, the Defendants filed an appeal to the Court of Appeal on 2 April 2021 (the “Appeal”).

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

The said application was heard on 22 March 2021 whereby the Defendants' application was dismissed with no order as to costs. Dissatisfied with the dismissal, the Defendants have filed an appeal to the Court of Appeal on 2 April 2021.

The Defendants' appeals to the Court of Appeal and application for leave to appeal to the Federal Court were dismissed with costs. Subsequently, the Defendants filed a review application of the leave dismissal which was dismissed with costs.

On 10 August 2023, all parties involved entered into a Settlement Agreement for a full and final settlement of all claims. The Settlement Agreement will not have any material effect on the earnings per share, net assets per share and gearing of HANDAL Group for the current financial year ending 31 December 2023.

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

As stated in Note 3, due to change in financial year end, the Group's performance for the 3-month period ended 30 June 2023 is not comparable against any comparative period previously reported.

(a) Current Quarter (Q2 FY2023) vs Preceding Quarter (Q2 FY2022)

	Individual Period		Variance	
	Current Quarter	Preceding Quarter		
	30 June 2023	30 June 2022	RM' 000	%
	RM' 000	RM' 000		
Revenue	1,230	-	1,230	100
Gross Profit	102	-	102	100
Loss Before Interest and Tax	(2,894)	-	(2,894)	100
Loss Before Tax	(2,716)	-	(2,716)	100
Loss After Tax	(2,716)	-	(2,716)	100

The Group recorded a revenue of RM1.230 million the current financial quarter. Revenue was contributed mainly from overhaul maintenance, parts trading, pipeline maintenance and engineering services maintenance for gas turbine.

There was an operating income amounting to RM1.879 million recognised in the current financial quarter representing the reversal of an impairment provided previously.

**HANDAL ENERGY BERHAD****(Company Registration No. 200801015549 (816839-X))****UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
30 JUNE 2023****B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BY BURSA
MALAYSIA SECURITIES BERHAD (CONTINUED)****B1. Review of Performance (Continued)**

Administrative and operating expenses for the current financial quarter amounted to RM4.131 million.

The Group recorded a loss after tax of RM2.716 million for the current financial quarter.

Review of performance by segments**(i) Integrated Maintenance, Repair and Overhaul.**

The recorded revenue for this business segment was RM1.23 million mainly from overhaul maintenance of gas turbine amounting to RM0.714 million, overhaul crane amounting to RM0.104 million and parts trading amounting to RM0.171 million. The gross profit recorded for the current financial quarter is RM0.110 million and loss after tax reported for this quarter was RM3.220 million.

(ii) Inspection, maintenance and repair pipeline and structures

The recorded revenue for this business segment was RM0.241 million mainly from pipeline inspection and maintenance.

(iii) Investment holding and other businesses

There is no revenue reported for other business segment in this quarter. The reported profit after tax was RM0.519 million from the reversal of provision for doubtful debt.

(b) Current Period (Q2 FY2023) vs Preceding Period (Q2 FY2022)

	Cumulative Period		Variance	
	Current Year to Date	Preceding Year period ended		
	30 June 2023	30 June 2022		
	RM' 000	RM' 000	RM' 000	%
Revenue	18,731	-	18,731	100
Gross Profit	2,001	-	2,001	100
Profit Before Interest and Tax	13,198	-	13,198	100
Profit Before Tax	12,834	-	12,834	100
Profit After Tax	12,834	-	12,834	100

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

The Group recorded a revenue of RM18.731 million in the current financial period ended 30 June 2023. Revenue was contributed mainly from overhaul maintenance, parts trading, pipeline maintenance and engineering services maintenance for gas turbine.

The group recorded a profit after tax of RM12.834 million for the period ended and included in the profit after tax of the group is the gain on disposal of subsidiary amounting to RM17.329 million and reversal of impairment.

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

	Individual Quarter		Variance	
	Current Quarter Ended	Immediate Preceding Quarter Ended		
	30 June 2023	31 March 2023		
	RM' 000	RM' 000	RM' 000	%
Revenue	1,230	17,501	(16,271)	(93)
Gross Profit	102	1,899	(1,797)	(95)
(Loss)/profit Before Interest and Tax	(2,894)	15,364	(18,258)	(119)
(Loss)/profit Before Tax	(2,716)	15,550	(18,266)	(117)
(Loss)/profit After Tax	(2,716)	15,550	(18,266)	(117)

The Group recorded a loss after tax of RM2.716 million in the current financial quarter as compared to a profit after tax of RM15.550 million registered in the preceding financial quarter. The Group's revenue for the reporting financial quarter was RM1.230 million, a decrease of RM16.271 million as compared to revenue of RM17.501 million recorded in the preceding financial quarter mainly due to lower revenue recognised from the engineering services maintenance for gas turbine as the contract is at the tail end in the current financial quarter as compared to the previous where the majority of the work on the project was performed.

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

Revenue for the first two quarters of 2023 has been mainly contributed by the overhaul of Gas Turbine /s as a third party service provider.

Handal iMRO has secured Purchase Orders (PO)s for Petronas Carigali Sabah which are currently underway. Handal iMRO has been invited for the following Tenders:

- Provision of rectification works and associated services for asset integrity findings (AIF) for Petronas Carigali Sdn. Bhd.
- Provision of Pan-Malaysia Offshore Maintenance, Construction, Modification (MCM) and Hook-Up & Commissioning (HUC) Services (Package A)
- Provision of Pan-Malaysia Offshore Maintenance, Construction, Modification (MCM) and Hook-Up & Commissioning (HUC) Services (Package B)

Barring any unforeseen circumstances, Handal is expecting an improved financial performance in 2023.

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

B4. Profit Forecast and profit guarantee

Not applicable.

B5. Taxation

	Current Period Quarter 1 April 2023 to 30 June 2023 RM'000	Preceding Year Corresponding Quarter 1 April 2022 to 30 June 2022 RM'000	Current Period To Date 1 Jan 2023 to 30 Jun 2023 RM'000	Preceding Year Corresponding Period 1 Jan 2023 to 30 Jun 2023 RM'000
Deferred tax	-	-	-	-
Current tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group effective tax rate is lower than the statutory tax rate of 24% due to non-taxable income (gain on disposal of subsidiary) during the financial period and availability of unutilised tax losses of certain subsidiaries.

B6. Borrowings and Debt Securities

	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Short term borrowings- Secured		
Bank overdrafts	8,328	10,174
Trade financing	92	865
Lease Liabilities	784	630
	<u>9,204</u>	<u>11,669</u>
Long term borrowings- Secured		
Lease Liabilities	-	494
Total Borrowings	<u>9,204</u>	<u>12,162</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).

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 March 2023.

B9. Earnings Per Share

	Individual Quarter	Cumulative Quarter
	Current Quarter Ended	Current Year to Date
	RM'000	RM'000
Basic Earnings Per Share		
Earning for the period attributable to equity holders of the company	(2,713)	9,382
Weighted average of ordinary shares in issued ("000)	240,367	240,367
Earning Per Share (Sen)	<u>(1.13)</u>	<u>3.90</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.

B10. Profit before Taxation

	Individual Quarter	Cumulative Quarter
	Current Quarter Ended 30 June 2023	Current Period to Date 30 June 2023
	RM'000	RM'000
This is arrived at after (crediting)/ charging:		
Other Income	(1,879)	(1,897)
Interest Income	(59)	(76)
Interest expenses	178	364
Foreign exchange gain/(loss)	41	43
Gain on disposal of a subsidiary	0	(17,329)
Depreciation	388	415