

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	Individual Quarter		Cumulative Year	
	Current Year Quarter 1 Oct 2023 to 31 Dec 2023 RM'000	Preceding Year Corresponding Quarter 1 Oct 2022 to 30 Dec 2022 RM'000	Current Year To Date 1 Jan 2023 to 31 Dec 2023 RM'000	Preceding Year Corresponding Period 1 Jan 2022 to 31 Dec 2022 RM'000
Revenue	3,069	n/a	22,240	n/a
Cost of sales and services	(2,619)	n/a	(19,515)	n/a
Gross profit	450	-	2,725	-
Other operating income	137	n/a	14,357	n/a
Administration and other operating expenses	(2,137)	n/a	(11,756)	n/a
Depreciation	(39)	n/a	(1,598)	n/a
Finance costs	(17)	n/a	(532)	n/a
(Loss)/profit before taxation	(1,606)	-	3,196	-
Income tax expense	-	n/a	-	n/a
(Loss)/profit after tax for the period	(1,606)	-	3,196	-
Other comprehensive income	-	n/a	-	n/a
Total other comprehensive income	-	-	-	-
Total comprehensive (loss)/profit for the period	(1,606)	-	3,196	-
Total comprehensive profit attributable to:				
Equity holders of the parent	(1,606)	n/a	3,196	n/a
Non-controlling Interest	0	n/a	0	n/a
	(1,606)	-	3,196	-
Weighted average no. of ordinary shares in issue ('000) (Note 1)	254,835		254,835	
Earning per share attributable to Owners of the Company				
- Basic (sen)	(0.63)	-	1.25	-
Earning per share - Diluted (sen)	(0.63)	-	1.25	-

Notes:

- 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.
- 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.
- There are no comparative figures for the quarter ended 31 December 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 31 December 2023, being the fourth quarter of the financial year ending 30 June 2024, is not comparable with the fourth quarter of the previous financial period ended 31 December 2022.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	Unaudited As at 31 December 2023 RM'000	Audited As at 31 December 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,900	27,724
Right of Use Assets	198	216
Intangible assets (Note 1)	35,257	35,257
	<u>60,355</u>	<u>63,197</u>
Current Assets		
Inventories	7,369	7,380
Trade receivables	19,224	2,902
Other receivables	5,870	2,957
Contract cost assets	998	2,455
Tax recoverable	277	565
Fixed deposits with licensed banks	1,858	11,035
Cash in hand and at bank	539	364
	<u>36,135</u>	<u>27,658</u>
Total Assets	96,490	90,855
EQUITY AND LIABILITIES		
Equity		
Share capital	107,130	104,435
Irredeemable Convertible Preference Shares	9,408	9,408
Employees share options scheme ("ESOS") reserve	602	602
Treasury shares	(72)	(72)
Accumulated losses	(74,300)	(77,496)
Equity attributable to owners of the Company	42,768	36,877
Non-controlling interests	0	(2,921)
Total equity	<u>42,768</u>	<u>33,956</u>
Non-current liabilities		
Lease liabilities	-	494
Deferred taxation	395	395
	<u>395</u>	<u>889</u>
Current Liabilities		
Trade payables	21,336	25,086
Other payables	25,884	18,892
Lease liabilities	704	630
Short term borrowings	4,585	11,039
Amount owing to a Director	638	108
Contract liabilities	-	-
Current tax liabilities	180	255
	<u>53,327</u>	<u>56,010</u>
Total liabilities	<u>53,722</u>	<u>56,899</u>
Total equity and liabilities	96,490	90,855
Net Assets Per Share attributable to Owners of the Company (RM)	0.17	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 31 DECEMBER 2023**

For 12 months ended 31 December 2023	Attributable to equity holders of the Company						Non-controlling Interest	Total Equity
	Non-distributable			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		
Balance as at 1 January 2023	104,435	9,408	(72)	602	(77,496)	36,877	(2,921)	33,956
Disposal of interest in subsidiaries	0	0	0	0	0	0	2,921	2,921
Issurance during the year	2,695	0	0	0	0	2,695	0	2,695
Total comprehensive profit for the year	0	0	0	0	3,196	3,196	0	3,196
Balance as at 31 December 2023	107,130	9,408	(72)	602	(74,300)	42,768	0	42,768

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.

HANDAL ENERGY BERHAD
(Company Registration No. 200801015549 (816839-X))
**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	Current Year Quarter 1 Jan 2023 to 31 Dec 2023 RM'000	Preceding Year Corresponding Quarter 1 Jan 2022 to 31 Dec 2022 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	3,196	n/a
Adjustments for:		
Depreciation of property, plant and equipment	1,462	n/a
Depreciation of right-of-use assets	137	n/a
Interest income	(61)	n/a
Interest expense	532	n/a
(Gain)/Loss on disposal of subsidiary company	(13,929)	n/a
(Gain)/Loss on disposal of PPE	(360)	n/a
Operating loss before changes in working capital	(9,023)	n/a
Changes in working capital:		
Inventories	11	n/a
Trade and other receivables	(16,117)	n/a
Contract cost assets	(703)	n/a
Trade and other payables	25,667	n/a
	(165)	-
Net cash generated from operations		
Interest received	61	n/a
Interest paid	(532)	n/a
Tax paid	(75)	n/a
Net cash (used in)/generated from operating activities	(711)	n/a
Cash flows from investing activities		
Disposal of subsidiaries, net of cash disposed	(3,481)	n/a
Proceed from disposal of PPE	1,374	n/a
Uplift of fixed deposit	9,177	n/a
Net cash (used in)/ generated from investing activities	7,070	n/a

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 31 DECEMBER 2023**

	Current Year Quarter	Preceding Year Corresponding Quarter
	1 Jan 2023 to 31 Dec 2023	1 Jan 2022 to 31 Dec 2022
	RM'000	RM'000
Cash flows from financing activities		
Drawdown from/(Repayment of) trade financing	(96)	n/a
Repayment of lease liabilities and borrowings	(498)	n/a
Net cash generated from financing activities	(594)	-
Net increase in cash and cash equivalents	5,765	n/a
Effect of exchange rate differences	-	-
Changes in cash and cash equivalents classified as held for sale	-	-
Cash and cash equivalents at the beginning of the financial year/period	(9,810)	n/a
Cash and cash equivalents at the end of the financial year/period	(4,045)	-
Cash and cash equivalents at the end of the financial year/period comprises:		
Cash and bank balances	539	n/a
Fixed deposits	1,858	n/a
Bank overdrafts	(4,585)	n/a
	(2,187)	-
Less: Fixed deposits pledged with licensed banks	(1,858)	n/a
	(4,045)	-

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

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED
31 DECEMBER 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 December 2023, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the financial period ended 31 December 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 FOURTH QUARTER ENDED

31 DECEMBER 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 B7.

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 31 December 2023	Investment holding	Integrated Maintenance , Repair and Overhaul	Others	Consolidated adjustment	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Revenue from external	0	3,255	130	(316)	3,069
Inter-segment	0	0	0	0	0
Total revenue	0	3,255	130	(316)	3,069
Results					
Gross Profit	0	521	(71)	0	450
GP Margin	0%	16%	0%	0%	15%
Other operating income	0	137	0	0	137
Administrative and Other operation expenses	(603)	(1,530)	(4)	0	(2,137)
Depreciation	(35)	20	(25)	1	(39)
Finance cost	0	(17)	0	0	(17)
Profit/(Loss) before tax	(638)	(869)	(100)	1	(1,606)
Taxation	0	0	0	0	0
Profit/(Loss) after tax	(638)	(869)	(100)	-	(1,606)
Assets					
Segment assets	38,739	137,355	3,876	(83,480)	96,490
Liabilities					
Segment liabilities	24,449	102,830	11,243	(84,800)	53,722

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

Financial period ended 31 December 2023	Investment holding	Integrated Maintenance , Repair and Overhaul	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Revenue from external	0	22,240	316	(316)	22,240
Inter-segment	0	0	0	0	0
Total revenue	0	22,240	316	(316)	22,240
Results					
Gross Profit	0	2,747	(3)	(19)	2,725
GP Margin	0%	12%	0%		12%
Other operating income	996	1,374	0	11,987	14,357
Administrative and Other operation expenses	(1,010)	(10,755)	56	(47)	(11,756)
Depreciation	(199)	(1,300)	(99)		(1,598)
Finance cost		(529)	(3)		(532)
Profit/(Loss) before tax	(213)	(8,463)	(49)	11,921	3,196
Taxation	0	0	0	0	0
Profit/(Loss) after tax	(213)	(8,463)	(49)	11,921	3,196
Assets					
Segment assets	38,739	137,355	3,876	(83,480)	96,490
Liabilities					
Segment liabilities	24,449	102,830	11,243	(84,800)	53,722

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.



HANDAL ENERGY BERHAD

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED

31 DECEMBER 2023

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

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

On 16 January 2024, Handal Floaters Sdn. Bhd. ("HFLSB"), a 100% owned subsidiary of Handal, had entered into a Joint Venture Agreement ("JVA") with Hadid Oil & Gas LLP ("HAG") to co-operate with each other through incorporation of a limited liability partnership acting as special purpose vehicle ("LLP") to participate in the operation for the early oil production field development program as per phase 1 of Nipineftegas field development plan.

On 2 February 2024, Handal Energy Solutions Sdn. Bhd. ("HESSB"), a 99.88% owned subsidiary of Handal, had entered into a JVA with DS Agriculture Plantation Sdn. Bhd. ("DS Agriculture") to form an unincorporated joint venture to continue works for the Project in respect of the Development Lands, strictly on the basis that DS Agriculture shall continue to lease, contribute, manage and develop the following reserved lands (collectively, the "Development Lands"):-

- (a) Plot 1: approximately 88.9 hectares (219.7 acres);
- (b) Plot 2: approximately 18.1 hectares (44.7 acres); and
- (c) Plot 3: approximately 40.2 hectares (99.3 acres).

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. (formerly known as Handal 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.

The Company had on 14 July 2023 entered into a share sale agreement with Handal Energy Borneo Sdn. Bhd. (formerly known as Samturaga East Sdn. Bhd.) for the disposal of 529,200 ordinary shares representing 49% equity interest in Handal Borneo Resources Sdn Bhd (formerly known as Orissa Wicomm Borneo Sdn Bhd) to Handal Energy Borneo for a total consideration of RM529,200.

Upon completion of the disposal of Handal Borneo Resources Sdn Bhd, Handal will no longer have any interest in Handal Borneo Resources.

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

Following the completion of the disposal of Handal Digital Sdn Bhd, Handal will no longer have any interest in Handal Digital Sdn Bhd.



HANDAL ENERGY BERHAD

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2023

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

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.

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

As at the LPD, save as disclosed below, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings, pending or threatened against the Group, or of any facts likely to give rise to any proceedings which may materially affect the business or financial position of the Group.

(a) Lembaga Kumpulan Wang Simpanan Pekerja ("**Plaintiff**" or **KWSP**) against:

- (i) Handal iMRO ("**First Defendant**");
- (ii) Tengku Baderul Zaman Ibni Sultan Mahmud ("**Second Defendant**");
- (iii) Sunildeep Singh Dhaliwal ("**Third Defendant**");
- (iv) Tengku Munawir Islahuddin Bin Tengku Noone Aziz ("**Fourth Defendant**");
- (v) Terry Busing ("**Fifth Defendant**"); and
- (vi) Mallek Rizal Bin Mohsin ("**Sixth Defendant**").

(Collectively referred to as the "Defendants")

High Court of Terengganu Civil Suit No. TA-22NCVC-6-04/2023

The Plaintiff has, vide the High Court of Terengganu, filed a writ of summons dated 5 April 2023 ("**Writ**") and a statement of claim dated 5 April 2023 ("**Statement of Claim**") against the Defendants claiming for:

- (i) the First Defendant, Second Defendant, Third Defendant and Fourth Defendant pay the Plaintiff the arrears of their employees' employees provident fund ("**EPF**") contributions for the period from January 2022 to June 2022 and August 2022 to January 2023, amounting to RM2,473,425.00;
- (ii) the Fifth Defendant pays the plaintiff the arrears of their employees' EPF contributions for the period from January 2022 to June 2022 and August 2022, amounting to RM1,582,972.00;
- (iii) the Sixth Defendant pays the Plaintiff the arrears of their employees' EPF contributions for the period from January 2022 to June 2022, amounting to RM1,388,105.00;
- (iv) the dividends on the EPF contributions at the rate of 5.35% per annum calculated from 1 February 2022 to 31 December 2022, and subsequent dividends at the rate to be declared by the EPF board for each subsequent year until the date of the full year until the date of full settlement;
- (v) late payment charges on the EPF contributions at the rate of 6.35% per annum calculated from 16 January 2022 to 31 December 2022, and the subsequent late payment charges at the rate to be declared by the EPF board for each subsequent year until the date of full settlement;

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

(vi) costs; and

(vii) any other relief or continuation as deemed appropriate by the High Court of Terengganu.

The High Court of Terengganu has, on 22 May 2023, entered a final judgement against the First Defendant, Second Defendant and Third Defendant for default of appearance to the Writ. As for the Fourth Defendant, Fifth Defendant and Sixth Defendant, a consensus was reached to enter a consent judgement for the sum of RM2,473,425.00 to be paid in 36 instalments beginning on 30 September 2023. According to the Defendants' Solicitors, the maximum exposure to liability for this suit will be RM2,473,425.00 and cost of RM3,500.00 (excluding dividend and late payment charges). As at LPD, a fair order was sealed on 5 September 2023 by the High Court of Terengganu.

(b) Lembaga Kumpulan Wang Simpanan Pekerja ("**Plaintiff**" or "**KWSP**") against:

- (i) Handal iMRO ("**First Defendant**");
- (ii) Tengku Baderul Zaman Ibni Sultan Mahmud ("**Second Defendant**");
- (iii) Sunildeep Singh Dhaliwal ("**Third Defendant**"); and
- (iv) Tengku Munawir Islahuddin Bin Tengku Noone Aziz ("**Fourth Defendant**").

(Collectively referred to as the "**Defendants**")

Sessions Court of Kemaman Civil Suit No. TB-B52NCVC-10-08/2023

The Plaintiff has, vide the Sessions Court of Kemaman, filed a writ of summons dated 27 August 2023 ("**Writ**") and a statement of claim dated 27 August 2023 ("**Statement of Claim**") against the Defendants claiming for;

- (i) the First Defendant, Second Defendant, Third Defendant and Fourth Defendant, collectively or individually, pay the Plaintiff the arrears of their employees EPF contributions for the period from February 2023 to May 2023, amounting to RM651,056.00;
- (ii) the dividends on the EPF contributions at the rate to be declared by the EPF board for each subsequent year until the date of the full settlement;
- (iii) late payment charges on the EPF contributions at the rate to be declared by the EPF board for each subsequent year until the date of full settlement;
- (iv) costs; and
- (v) any other relief or continuation as deemed appropriate by the Sessions Court of Kemaman.

**HANDAL ENERGY BERHAD****(Company Registration No. 200801015549 (816839-X))****UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED****31 DECEMBER 2023****A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)****A15. Material Litigation (continued)**

The Sessions Court of Kemaman has on 2 October 2023 allowed the Defendants and Plaintiff to negotiate the terms of the consent judgement. The Sessions Court of Kemaman then fixed 2 November 2023 as the date for the case management. On 2 November 2023, the Sessions Court of Kemaman gave directions for the Defendants to file the statement of defence and to finalise the negotiation for the consent judgement by 16 November 2023 and the Sessions Court of Kemaman has set 16 November 2023 as the next case management date. The Defendant's Solicitors have on 2 November 2023 sent a draft proposal for the consent judgement to the Plaintiff's Solicitors. According to the Defendants' Solicitors, the maximum exposure to liability for this suit will be RM651,056.00 excluding cost, dividend, and late payment charges.

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 31 December 2023 is not comparable against any comparative period previously reported.

(a) Current Quarter (Q4 FY2023) vs Preceding Quarter (Q4 FY2022)

The Group recorded a revenue of RM3.385 million in the current financial quarter. Revenue was contributed mainly from overhaul maintenance, parts trading, pipeline maintenance and engineering services maintenance for gas turbine.

	Individual Period		Variance	
	Current Quarter	Preceding Quarter		
	31 December 2023	31 December 2022	RM' 000	%
	RM' 000	RM' 000		
Revenue	3,069	-	3,069	100
Gross Profit	450	-	450	100
Loss Before Interest and Tax	(1,623)	-	(1,623)	100
Loss Before Tax	(1,606)	-	(1,606)	100
Loss After Tax	(1,606)	-	(1,606)	100

**HANDAL ENERGY BERHAD****(Company Registration No. 200801015549 (816839-X))****UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED
31 DECEMBER 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 RM2.137 million.

The Group recorded a loss after tax of RM1.606 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 RM3.069 million mainly from overhaul crane. The gross profit recorded for the current financial quarter is RM0.450 million.

(ii) Investment holding and other businesses.

There is no revenue reported for other business segment in this quarter.

(b) Current Period (Q4 FY2023) vs Preceding Period (Q4 FY2022)

	Cumulative Period		Variance	
	Current Year to Date	Preceding Year period ended		
	31 December 2023	31 December 2022	RM' 000	%
	RM' 000	RM' 000		
Revenue	22,240	-	22,240	100
Gross Profit	2,725	-	2,725	100
Profit Before Interest and Tax	3,728	-	3,728	100
Profit Before Tax	3,196	-	3,196	100
Profit After Tax	3,196	-	3,196	100

The Group recorded a revenue of RM22.240 million in the current financial period ended 31 December 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 RM3.196 million for the period ended and included in the profit after tax of the group is the gain on disposal of subsidiary amounting to RM13.929 million and reversal of impairment.

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		
	31 December 2023	30 Sept 2023		
	RM' 000	RM' 000	RM' 000	%
Revenue	3,069	440	2,629	598
Gross Profit	450	274	176	64
(Loss)/profit Before Interest and Tax	(1,623)	(8,183)	6,560	(80)
(Loss)/profit Before Tax	(1,606)	(8,032)	6,426	(80)
(Loss)/profit After Tax	(1,606)	(8,032)	6,426	(80)

The Group recorded a loss after tax of RM1.606 million in the current financial quarter as compared to a loss after tax of RM8.032 million registered in the preceding financial quarter. The Group's revenue for the reporting financial quarter was RM3.069 million, an increase of RM2.629 million as compared to revenue of RM0.440 million recorded in the preceding financial quarter mainly due to the revenue generated from the engineering services maintenance for gas turbine.

B3. Prospects

Revenue for the first three quarters of 2023 has been mainly contributed by the overhaul of Gas Turbine/s as a third party service provider. Handal is in active negotiations with international service providers to further develop Handal to become an integrated one stop shop for Turbo Machinery services as a non oem player. This is inline with what Handal has achieved in its crane business whereby Handal's capabilities extend to being able to provide maintenance, repair and overhaul services for all makes of cranes as a non oem services provider. With the aging oil & gas facilities in Malaysia coupled with reduction in production, we see great prospects for the maintenance, repair and overhauls of Gas Turbines and other turbo machinery offering Oil & Gas operators a lower cost solution while providing Handal a steady and improved income stream.

We are experiencing an increase in the request for tenders recently and we have been actively participating in these tenders. Handal is optimistic of an improved order book in the very near future.

Barring any unforeseen circumstances, Handal is expecting an improved financial performance in 2024.

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. Corporate Proposals

On 15 September 2023, on behalf of the Board of Directors of Handal ("Board"), Mercury Securities Sdn Bhd ("Mercury Securities") announced that the Company proposes to undertake the following Proposals.

(i) Proposed Share Capital Reduction;

(ii) Proposed Private Placement; and

(iii) Proposed Bonus Issue of Warrants.

On 28 December 2023, private placement of 295,388,819 units new ordinary shares issued at RM0.0941 in Handal representing up to 40% of the total number of issued shares.

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

B6. Taxation

	Current Period Quarter 1 Oct 2023 to 31 Dec 2023 RM'000	Preceding Year Corresponding Quarter 1 Oct 2022 to 31 Dec 2022 RM'000	Current Period To Date 1 Jan 2023 to 31 Dec 2023 RM'000	Preceding Year Corresponding Period 1 Jan 2022 to 31 Dec 2022 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.

B7. Borrowings and Debt Securities

	As at 31 Dec 2023 RM'000	As at 31 December 2022 RM'000
Short term borrowings- Secured		
Bank overdrafts	4,585	10,174
Trade financing	0	865
Lease Liabilities	704	630
	<u>5,289</u>	<u>11,669</u>
Long term borrowings- Secured		
Lease Liabilities	-	494
Total Borrowings	<u>5,289</u>	<u>12,163</u>

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

B8. Material Litigation

Please refer to Item A15.

B9. Dividends

Dividends have not been recommended for the current quarter ended 31 December 2023.

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

	Individual Quarter	Cumulative Quarter
	Current Quarter Ended	Current Year to Date
	RM'000	RM'000
Basic Earnings Per Share		
Earning for the period attributable to equity holders of the company	(1,606)	3,196
Weighted average of ordinary shares in issued ("000)	254,835	254,835
(Loss)/Earning Per Share (Sen)	<u>(0.63)</u>	<u>1.25</u>

The potential conversion of Irredeemable Convertible Preference Shares ("ICPS") is anti-dilutive as the conversion of the ICPS results in a reduction in diluted loss per share upon conversion.

B11. Profit before Taxation

	Individual Quarter	Cumulative Quarter
	Current Quarter	Current Period to
	Ended 31 Dec 2023	Date 31 Dec 2023
	RM'000	RM'000
This is arrived at after (crediting)/ charging:		
Interest Income	(19)	(61)
Interest expenses	17	532
Foreign exchange gain/(loss)	0	43
(Gain)/Loss on disposal of subsidiary company	0	(13,929)
(Gain)/Loss on disposal of PPE	(119)	(360)
Depreciation of PPE	0	1,462
Depreciation of right-of-use assets	40	137