



RESERVOIR LINK ENERGY BHD

Company No. : 201401044508 (1120690-K)

(Incorporated in Malaysia)

**Interim Financial Report
For The Financial Period Ended
30 June 2022
(2nd Quarter)**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2022 ^(a)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
REVENUE	17,169	28,533	23,645	40,416
COST OF SALES	(14,720)	(20,895)	(21,470)	(30,280)
GROSS PROFIT	2,449	7,638	2,175	10,136
OTHER INCOME	593	263	856	561
	3,042	7,901	3,031	10,697
ADMINISTRATIVE EXPENSES	(3,560)	(2,438)	(7,372)	(4,809)
(LOSS)/PROFIT FROM OPERATION	(518)	5,463	(4,341)	5,888
FINANCE COSTS	(232)	(128)	(332)	(240)
IMPAIRMENT LOSSES ON TRADE RECEIVABLES	-	-	(212)	-
FAIR VALUE LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	(2,250)	-	(2,250)	-
NET (LOSS)/PROFIT BEFORE TAXATION	(3,000)	5,335	(7,135)	5,648
INCOME TAX EXPENSES	(171)	(1,370)	642	(1,644)
NET (LOSS)/PROFIT AFTER TAXATION	(3,171)	3,965	(6,493)	4,004
OTHER COMPREHENSIVE INCOME				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences	(3)	-	(3)	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD	(3,174)	3,965	(6,496)	4,004
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Group	(3,316)	3,952	(6,427)	4,050
Non-controlling interests	145	13	(66)	(46)
	(3,171)	3,965	(6,493)	4,004
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:-				
Owners of the Group	(3,318)	3,952	(6,429)	4,050
Non-controlling interests	144	13	(67)	(46)
	(3,174)	3,965	(6,496)	4,004
(LOSS)/EARNING PER SHARE (SEN)				
Basic ^(b)	(1.14)	1.39	(2.21)	1.42
Diluted ^(c)	(0.92)	1.11	(1.78)	1.14

Notes:

- (a) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2021 and the accompanying explanatory notes are an integral part of this interim financial report.
- (b) Based on the weighted average number of ordinary shares outstanding during the financial period/ year under review.
- (c) Based on the weighted average number of ordinary shares adjusted on the assumption that the outstanding warrants are fully exercised and converted into ordinary shares.

RESERVOIR LINK ENERGY BHDCompany No. 201401044508 (1120690-K)
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 ^(a)**

	Unaudited As At 30.06.2022 RM'000	Audited As At 31.12.2021 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	31,719	29,453
Investment properties	4,991	5,049
Right-of-use assets	620	663
Other receivables	134	134
Deferred tax assets	2,536	1,192
Goodwill	13,973	13,973
	<u>53,973</u>	<u>50,464</u>
CURRENT ASSETS		
Inventories	11,831	7,634
Trade receivables	15,116	13,847
Other receivables, deposits and prepayments	3,952	1,827
Amount owing by related parties	2,096	3,262
Tax recoverable	1,890	633
Contract Assets	1,087	2,790
Other investments	2,750	-
Short-term investments	556	5,031
Fixed deposits with licensed banks	4,138	3,630
Cash and bank balances	8,967	13,491
	<u>52,383</u>	<u>52,145</u>
TOTAL ASSETS	<u>106,356</u>	<u>102,609</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	47,968	47,968
Foreign exchange translation reserve	884	886
Retained profits	35,457	41,884
Contingent consideration	3,910	3,910
Merger deficit	(15,779)	(15,779)
	<u>72,440</u>	<u>78,869</u>
Non-controlling interests	2,598	2,615
TOTAL EQUITY	<u>75,038</u>	<u>81,484</u>
NON-CURRENT LIABILITIES		
Bank borrowings	8,709	6,186
Lease liabilities	467	228
Deferred tax liabilities	1,985	1,276
	<u>11,161</u>	<u>7,690</u>
CURRENT LIABILITIES		
Bank borrowings	7,154	842
Lease liabilities	174	460
Trade payables	12,203	9,564
Other payables and accrual	420	2,022
Provision for taxation	206	547
	<u>20,157</u>	<u>13,435</u>
TOTAL LIABILITIES	<u>31,318</u>	<u>21,125</u>
TOTAL EQUITY AND LIABILITIES	<u>106,356</u>	<u>102,609</u>
Net asset per share ^(b) (RM)	0.26	0.28

Notes:

- (a) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (b) Based on the Company's issued share capital of 290,445,000 ordinary shares as at the end of the financial period .

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2022 ^(a)

	Share Capital	Merger Deficit	Non-distributable Foreign Exchange Translation Reserve	Non-distributable Contingent Consideration	Distributable Retained Profits	Attributable to owners of the Company	Non-controlling Interest	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Balance at 01.01.2022	47,968	(15,779)	886	3,910	41,884	78,869	2,615	81,484
Contributions by and distribution to owners								
of the Company:-								
- Issuance of ordinary shares	-	-	-	-	-	-	-	-
- Acquisition of a subsidiary	-	-	-	-	-	-	49	49
- Dividends	-	-	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	-	-	49	49
(Loss)/profit after taxation for the financial year	-	-	-	-	(6,427)	(6,427)	(66)	(6,493)
Other comprehensive income for the financial period:	-	-	-	-	-	-	-	-
Foreign exchange translation difference	-	-	(2)	-	-	(2)	-	(2)
Balance at 30.06.2022	47,968	(15,779)	884	3,910	35,457	72,440	2,598	75,038

Note:

(a) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2021 and the accompanying explanatory notes are an integral part of this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2022 ^(a)

	(Unaudited) Current Year-To-Date 30.06.2022 RM'000	(Unaudited) Corresponding Year-To-Date 30.06.2021 RM'000
<u>Cash Flows from/(for) operating activities</u>		
(Loss)/profit before tax	(7,135)	5,648
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	2,028	1,370
Depreciation of investment properties	58	58
Depreciation of right-of-use assets	285	197
Fair value loss/(gain) on short-term investments	2,250	-
Loss/(gain) on disposal of property, plant and equipment	4	6
Interest expenses	332	240
Interest income	(73)	(276)
Unrealised (gain)/loss on foreign exchange	(149)	1
Property, plant and equipment written off	25	14
Allowance for impairment losses on trade receivable	212	-
Operating (loss)/profit before working capital changes	(2,163)	7,258
(Increase)/Decrease in inventories	(4,180)	4,409
(Increase)/Decrease in receivables	(4,644)	(17,370)
Increase/(Decrease) in payables	3,650	8,268
Increase/(Decrease) in contract assets	110	-
Increase/(Decrease) in related parties	1,413	-
Cash (for)/from operations	(5,814)	2,565
Interest expenses paid	(332)	(240)
Income tax paid	(1,591)	(855)
Net cash (for)/from operating activities	(7,737)	1,470

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2022 ^(a)

	(Unaudited) Current Year-To-Date 30.06.2022 RM'000	(Unaudited) Corresponding Year-To-Date 30.06.2021 RM'000
Cash flows from/(for) investing activities		
Increased in non-controlling interest	49	80
Interest income received	73	276
Purchase of property, plant and equipment	(4,323)	(5,130)
Proceeds from disposal of property, plant and equipment	-	82
(Increase)/Decrease in money market fund	(525)	8,932
(Increase)/Decrease in fixed deposits with licensed banks pledged to licensed banks	(508)	100
Net cash (for)/from investing activities	(5,234)	4,340
Cash flows from/(for) financing activities		
Net drawdown/(repayment) of borrowings	8,834	(398)
Repayment of lease liabilities	(387)	(194)
Net cash from/(for) financing activities	8,447	(592)
Net decrease in cash and cash equivalents	(4,524)	5,218
Cash and cash equivalents at beginning of the financial period	13,491	1,896
Cash and cash equivalents at end of the financial period	8,967	7,114
Cash and cash equivalents comprise the followings:		
Fixed deposits with licensed banks	4,138	3,314
Cash and bank balances	8,967	7,114
Less: Fixed deposits with licensed banks more than 3 months	(4,138)	(3,314)
	8,967	7,114

Note:

- (a) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING**A1. Basis of Preparation**

The condensed consolidated interim financial report (“**Interim Financial Report**”) of Reservoir Link Energy Berhad (“**RLEB**” or “**the Company**”) and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and Rule 9.22 of the ACE Market Listing Requirements (“**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 Company for the financial year ended 31 December 2021 and the accompanying notes attached to this Interim Financial Report.

A2. Significant Accounting Policies

The significant accounting policies adopted in the preparation of this Interim Financial Report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2021. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

The amendments to published standards effective for financial year beginning on 1 January 2022 that are applicable and adopted by the Group are as follows:

Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020:	
-Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
-Amendments to MFRS 9	Financial Instruments
-Amendments to MFRS 141	Agriculture

The adoption of the above amendments to published standards did not have any material impact on the financial statements of the Group upon their initial application.

The Group has not adopted the amendments to following standards that had been issued by the Malaysian Accounting Standards Board (“**MASB**”) which are effective in the following financial years:

i. Financial year beginning on or after 1 January 2023:

- Amendments to MFRS 17 Insurance Contracts
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 101 Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

ii. Effective date yet to be determined:

- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

A3. Auditors' Report

The audited financial statements of the Group for the financial year ended 31 December 2021 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not affected by seasonal or cyclical factors.

A5. Material Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group during the current financial quarter under review.

A6. Material Changes in Estimates

There were no material changes in the estimates that have a material effect to the Group in the current financial quarter under review.

A7. Debt and Equity Securities

Save as disclosed in Note B6, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and current financial period-to-date.

A8. Dividend

There was no dividend declared in the current quarter under review.

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A9. Segmental Reporting

The Group's segment information for the current financial period ended 30 June 2022 is as follows:

(I) The Results of the Current Quarter Compared to the Results of the Corresponding Quarter

Revenue	(Unaudited)	(Unaudited)	Variance	Variance
	Current Quarter	Correspondence Quarter		
	30.06.2022	30.06.2021		
	RM'000	RM'000	RM'000	%
O&G Well Services	7,589	28,533	(20,944)	(73%)
Well leak repair	2,433	3,673	(1,240)	(34%)
Well perforation	4,766	10,043	(5,277)	(53%)
Well testing	-	-	-	0%
Wash and cement	-	13,718	(13,718)	>(100%)
Wireline services	-	44	(44)	>(100%)
O&G production enhancement	390	1,055	(665)	(63%)
Renewal Energy	9,380	N/A	N/A	N/A
Other Services	200	-	200	0%
Total	17,169	28,533	(20,744)	(73%)

Gross Profit	(Unaudited)	(Unaudited)	Variance	Variance
	Current Quarter	Correspondence Quarter		
	30.06.2022	30.06.2021		
	RM'000	RM'000	RM'000	%
O&G Well Services	1,296	7,638	(6,342)	(83%)
Well leak repair	633	595	38	6%
Well perforation	1,893	3,122	(1,229)	(39%)
Well testing	(586)	(396)	(190)	48%
Wash and cement	-	4,082	(4,082)	>(100%)
Wireline services	(484)	(43)	(441)	>100%
O&G production enhancement	(160)	278	(438)	>(100%)
Renewal Energy	1,146	N/A	N/A	N/A
Other Services	7	-	7	0%
Total	2,449	7,638	(6,335)	(83%)

(II) The Results of the Current Quarter Compared to the Results of the Preceding Quarter

Revenue	(Unaudited) Current Quarter 30.06.2022 RM'000	(Unaudited) Preceding Quarter 31.03.2022 RM'000	Variance RM'000	Variance %
O&G Well Services	7,589	4,094	3,495	85%
Well leak repair	2,433	1,863	570	31%
Well perforation	4,766	771	3,995	>100%
Well testing	-	-	-	0%
Wash and cement	-	-	-	0%
Wireline services	-	(22)	22	(100%)
O&G production enhancement	390	1,482	(1,092)	(74%)
Renewal Energy	9,380	2,120	7,260	>100%
Other Services	200	262	(62)	(24%)
Total	17,169	6,476	10,693	>100%

Gross Profit	(Unaudited) Current Quarter 30.06.2022 RM'000	(Unaudited) Preceding Quarter 31.03.2022 RM'000	Variance RM'000	Variance %
O&G Well Services	1,296	(865)	2,161	>(100%)
Well leak repair	633	215	418	>100%
Well perforation	1,893	(510)	2,403	>(100%)
Well testing	(586)	(551)	(35)	6%
Wash and cement	-	-	-	0%
Wireline services	(484)	(312)	(172)	55%
O&G production enhancement	(160)	293	(453)	>(100%)
Renewal Energy	1,146	619	527	85%
Other Services	7	(27)	34	>(100%)
Total	2,449	(273)	2,722	>(100%)

(III) The Results of the Current Year-To-Date Compared to the Results of the Corresponding Year-To-Date

Revenue	(Unaudited) Cumulative Quarter 30.06.2022 RM'000	(Unaudited) Correspondence Quarter 30.06.2021 RM'000	Variance RM'000	Variance %
O&G Well Services	11,682	40,416	(28,734)	(71%)
Well leak repair	4,296	6,174	(1,878)	(30%)
Well perforation	5,536	14,186	(8,650)	(61%)
Well testing	-	36	(36)	<(100%)
Wash and cement	-	18,510	(18,510)	<(100%)
Wireline services	(22)	44	(66)	<(100%)
O&G production enhancement	1,872	1,466	406	28%
Renewal Energy	11,500	N/A	N/A	N/A
Other Services	463	-	463	0%
Total	23,645	40,416	(28,271)	(70%)

Gross Profit	(Unaudited) Cumulative Quarter 30.06.2022 RM'000	(Unaudited) Correspondence Quarter 30.06.2021 RM'000	Variance RM'000	Variance %
O&G Well Services	431	10,136	(9,705)	(96%)
Well leak repair	848	1,652	(804)	(49%)
Well perforation	1,383	3,740	(2,357)	(63%)
Well testing	(1,137)	(732)	(405)	55%
Wash and cement	-	5,361	(5,361)	(100%)
Wireline services	(795)	(161)	(634)	>100%
O&G production enhancement	132	276	(144)	(52%)
Renewal Energy	1,765	N/A	N/A	N/A
Other Services	(21)	-	(21)	0%
Total	2,175	10,136	(9,726)	(96%)

(IV) Assets and Liabilities as at 30 June 2022

Assets	Oil and gas related and other activities As at 30/06/2022 RM'000	Renewable energy and related activities As at 30/06/2022 RM'000	Consolidation adjustments As at 30/06/2022 RM'000	The Group As at 30/06/2022 RM'000
Segment Assets	121,559	18,641	(33,844)	106,356
Consolidated total assets				106,356
Liabilities				
Segment Liabilities	29,844	14,974	(13,500)	31,318
Consolidated total liabilities				31,318

(V) Assets and Liabilities as at 30 June 2021

Assets	Oil and gas related and other activities As at 30/06/2021 RM'000	Renewable energy and related activities As at 30/06/2021 RM'000	Consolidation adjustments As at 30/06/2021 RM'000	The Group As at 30/06/2021 RM'000
Segment Assets	122,451	Nil	(26,229)	96,222
Consolidated total assets				96,222
Liabilities				
Segment Liabilities	37,845	Nil	(8,420)	29,425
Consolidated total liabilities				29,425

A10. Significant Related Party Transactions

There were no significant related party transactions during the current financial quarter and current financial year-to-date.

A11. Capital Commitments

	(Unaudited) As at 30.06.2022 RM'000	(Unaudited) As at 30.06.2021 RM'000
Approved and contracted for:		
Purchase of equipment	2,728	2,660
Approved but not contracted for:		
Purchase of equipment	2,509	2,471

A12. Contingent Assets and Liabilities

The Group's contingent liabilities were as follow:

	(Unaudited) As at 30.06.2022 RM'000	(Unaudited) As at 30.06.2021 RM'000
Bank guarantee for performance	10,161	6,793
Bank guarantee for tenancy agreement	86	86
Bank guarantee for professional work permit	2	-
	10,249	6,879

There were no contingent assets of a material nature to be disclosed at the end of the financial period.

A13. Changes in Composition of the Group

There were no changes in the composition of the Group, save as disclosed below:

- (i) The Company had on 18 April 2022 incorporated a 100% owned subsidiary company in Malaysia with the name RL Sunseap Energy Sdn. Bhd. (Company No: 202201014140) with total issued and paid up share capital of RM2 comprising of 2 ordinary shares. The intended principal activity of RL Sunseap Energy Sdn. Bhd. is to engage in the business of renewable energy investment. As announced on 28 April 2022, Reservoir Link Renewable Sdn Bhd (“**RLR**”) had executed a term sheet with Sunseap Energy (Malaysia) Sdn Bhd (“**SSEM**”) for the joint venture between both parties, to jointly carry out business in developing, building, owning and operating rooftop and ground mounted solar PV projects in Malaysia. Subsequently on 25 July 2022, both RLR and SSEM has entered into Joint Venture and Shareholders’ Agreement. For further details please refer to the Company’s announcements.
- (ii) As announced on 17 May 2022, RLEB had executed a joint venture agreement with ADS Asset Holdings Sdn Bhd (“**AAH**”). The purpose of the joint venture is to bring together both RLEB’s and AAH’s expertise, to raise funds for the construction and development of energy storage solution and system.
- (iii) As announced on 30 May 2022, the company 51% owned subsidiary, Founder Energy Sdn Bhd (“**FESB**”) had on 27 May 2022, incorporated a subsidiary company in Singapore known as Founder Energy (Singapore) Pte. Ltd. (“**FES**”).

A14. Significant Events after the Reporting Period

Save as disclosed in Note B5, there were no other significant events subsequent to the end of the current quarter and financial period-to-date under review that have not been reflected in this Interim Financial Report.

A15. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current financial period under review.

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PART B : ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
B1. Review of Performance

(a) Current Quarter (“CQ”) vs Previous Year Corresponding Quarter (“PYCQ”).

	(Unaudited) Current Quarter 30.06.2022 RM'000	(Unaudited) Corresponding Quarter 30.06.2021 RM'000	Variance RM'000	Variance %
Revenue	17,169	28,533	(11,364)	(40%)
Loss before taxation (“LBT”) / Profit before taxation (“PBT”)	(3,000)	5,335	(8,335)	>(100%)

For the current financial quarter ended 30 June 2022, the Group registered revenue of RM17.2 million. The Group revenue decreased by RM11.4 million or 40% as compared to previous year corresponding quarter ended 30 June 2021. The decline in revenue was mainly due to completion of Mauritania project in October 2021 and delayed activities by clients from both oil and gas and renewal energy segments in CQ. The Group has registered a LBT of RM3 million in CQ mainly due to decline in revenue as explain above and a fair value loss of other investment of RM2.25mil.

(b) Current Year-To-Date vs Corresponding Previous Year-To-Date.

	(Unaudited) Cumulative Quarter 30.06.2022 RM'000	(Unaudited) Correspondence Quarter 30.06.2021 RM'000	Variance RM'000	Variance %
Revenue	23,645	40,416	(16,771)	-41%
Loss before taxation (“LBT”) / Profit before taxation (“PBT”)	(7,135)	5,648	(12,783)	>(100%)

The Group revenue for the current year-to-date decreased by RM16.8 million as compared to the corresponding previous year-to-date. The Group registered a LBT of RM7.1 million in current year-to-date. The decline in revenue and LBT is due to the reasons as discussed in note B1(a) above.

(c) CQ vs Previous Quarter (“PQ”).

	(Unaudited) Current Quarter 30.06.2022 RM'000	(Unaudited) Previous Quarter 31.03.2022 RM'000	Variance RM'000	Variance %
Revenue	17,169	6,476	10,693	>100%
LBT / PBT	(3,000)	(4,134)	1,134	(27%)

The Group revenue for the CQ increased by RM10.7 million to RM17.2 million as compared to the PQ. The increase in revenue is due to more activities from both oil and gas and renewal energy segments.

The Group’s LBT reduced by RM1.1 million in CQ. The decrease in LBT was in line with the increase in revenue in CQ. It should be noted that, a fair value loss of other investment of RM2.25mil was charged in CQ.

B2. Commentary on Prospects

The world may continue to face rising COVID-19 uncertainty due to a potential emergence of new COVID-19 variants and Omicron subvariants reinfection. However, most economies are highly unlikely to implement a new round of restrictive measures, mainly due to improving pandemic preparedness and widespread COVID-19 vaccine availability.

The domestic economy is expected to improve further due to reopening and resumption of all economic sectors with stronger domestic demand, continued expansion in external demand, and further improvement in the labour market. Growth would also benefit from the easing of restrictions, reopening of international borders and implementation of investment projects. Domestic oil and gas activity level is expected to gradually pick up in the coming quarters with an anticipated pick up in Petronas capital expenditure going forward, local activity levels are also expected to see some recovery. The Group will continue to strengthen our operational excellence to maximise value creation whilst intensifying our growth and sustainability agenda in Malaysia and internationally.

The Group has an encouraging prospect of renewable energy needs and adoption, complemented by a broadly attractive investment environment. New renewable power sources will add value across the value chain, unlocking wide-ranging benefits for the nation.

The Group managed to secure new contracts since the listing of the Company on the ACE Market of Bursa Securities as follows:

- (i) As announced on 13 October 2020, the Group received from PTTEP HK Offshore Limited, PTTEP Sabah Oil Limited and PTTEP Sarawak Oil Limited, a letter of award for the Provision of Downhole Mechanical Heating Equipment and Services for Production Operation with contract duration of two (2) years effective from 28 August 2020 and will expire on 27 August 2022;
- (ii) As announced on 12 April 2021, the Group received a letter of award from PETRONAS Carigali Sdn Bhd for the provision of well leak repair equipment and service for a period of 3 years from 22 March 2021 to 22 March 2024;
- (iii) As announced on 14 April 2021, the Group was appointed by PETRONAS as an umbrella contractor for the provision of completion of new technology equipment and services for a period of five (5) years from 11 December 2020 to 10 December 2025;

- (iv) As announced on 26 August 2021, the Group received a letter of award from Roc Oil (Sarawak) Sdn. Bhd. for the contract in relation to provision of perforation services for D35, D21 and J4 drilling and production phase (2021-2022) for period of two (2) years from 13 August 2021 to 12 August 2023 with one (1) year extension option;
- (v) As announced on 7 September 2021, the Group received a purchase order from Solar Bina Engineering Sdn Bhd for subcontracting works of installation, testing and communication of PV modules, inverter, DC cables and associated works for proposed development of Large Scale Solar Photovoltaic project of 100 MWac at Lot PT 14020, kg Jambu Bongkok, Marang, Terengganu; and
- (vi) As announced on 28 September 2021, the Group received a letter of award from Sarawak Shell Berhad/Sabah Shell Petroleum Company Limited for period of three (3) years from 3 September 2021 to 2 September 2024 as:
 - a. primary contractor for provision of slickline equipment and services for well completion activities – rig assisted; and
 - b. back up contractor for provision of slickline equipment and services for well intervention – non-rig assisted.
- (vii) As announced on 23 February 2021, the Group received a letter of award from Tanjung Offshore Services Sdn Bhd for the provision of perforation wash and cement equipment and services for a period of four (4) months from 7 January 2022 until the completion of works;
- (viii) As announced on 5 April 2021, the Group received a letter of award from ExxonMobil Exploration and Production Malaysia Inc. for the provision of annulus wash and cement placement equipment and services for a period of five (5) years from 7 March 2022 until 6 March 2027;
- (ix) As announced on 18 April 2022, the Group received a letter of award from Roc Oil (Sawarak) Sdn Bhd for the provision of tubing cutter and tubing cutting for a period of one (1) year from 11 April 2022 to 10 April 2023;
- (x) As announced on 20 April 2021, the Group was appointed by PETRONAS as an umbrella contractor for the provision of well testing and tubing conveyed perforations (TCP) for Petroleum Arrangement Contractors (PACs) for a period of three (3) years from 6 April 2022 to 5 April 2025;
- (xi) As announced on 7 June 2022, the Group received a letter of award from Osram Opto Semicondustors (Malaysia) Sdn Bhd for proposed development of 7,608.6 KWP solar rooftop & building integrated photovoltaics (BIPV) power generation facilities; and
- (xii) As announced on 10 June 2022, the Group received a letter of award from SEA Hibiscus Sdn Bhd for the provision of well services pumping and specialty chemicals for SEA Hibiscus Sdn Bhd for a period of three (3) years from 18 April 2022 to 17 April 2025.

Further, the completion of acquisition of Founder, is expected to contribute positively to the earnings of the Group as the vendor has given a profit guarantee of RM13.8 million for the next 24 months from the completion date.

The Group continue to actively participate in tenders for oil and gas and renewal energy projects. In addition, the Group will implement its business strategies cautiously to sustain its growth in order to deliver a satisfactory performance in the financial year 2022.

B3. Profit Forecast

The Group does not issue any profit forecast during the current financial quarter under review.

B4. Income Tax Expenses

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Quarter Ended 3 months 30.06.2022 RM'000	(Unaudited) Corresponding Quarter Ended 3 months 30.06.2021 RM'000	(Unaudited) Current Year To Date 6 months 30.06.2022 RM'000	(Unaudited) Corresponding Year To Date 6 months 30.06.2021 RM'000
Income tax	158	1,243	45	1,574
Deferred tax	13	127	(687)	70
	171	1,370	(642)	1,644
Effective tax rate ("ETR") ^(a)	-	25.7%	-	29.1%

Notes:

- (a) The ETR is computed by dividing tax expense by PBT for the financial period. The ETR of the Group for the current period were higher than the statutory tax rate was mainly due to non-deductibility of certain expenses for tax purposes.

B5. Status of Corporate Proposals
(a) Proposed Transfer and Proposed Amendments

As announced 28 September 2021, the Group proposed to undertake the following:

- (i) Proposed transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Securities ("**Proposed Transfer**"). The transfer was completed on 27 June 2022; and
- (ii) Proposed amendment to the Constitution of the Company and the By-Laws of its ESOS to facilitate the implementation of the Proposed Transfer ("**Proposed Amendment**").

The circular of the Proposed Amendment has been despatched to shareholders on 28 October 2021 and approved on 19 November 2021. Subsequently, Securities Commission had, vide its letter dated 31 May 2022, approved RLEB's application for the Proposed Transfer under Section 214(1) of the Capital Markets and Services Act 2007 and Bursa Securities had, vide its letter dated 20 June 2022, approved the transfer under the "Energy" sector. For further details please refer to Company's announcements.

(b) Proposed Joint Venture

During the quarter under review, the Group has formed two joint ventures. For further detail, please refer to Note A13.

B6. Utilisation of Proceeds Raised from the Public Issue

The gross proceeds raised from the Public Issue of RM23.42 million are intended to be utilised in the following manner:

No.	Purpose	Proposed Utilisation RM'000	Actual Utilisation up to 30 June 2022 RM'000	Transfer RM'000	Balance Unutilised RM'000	Estimated Timeframe for Utilisation
1	Repayment of bank borrowings	5,000	(5,000)	-	-	Within 6 months
2	Estimated listing expenses	3,500	(3,205)	(295) ⁽²⁾	-	Immediate
3	Capital expenditure (LWWT equipment)	10,000	(7,186)	(2,814) ⁽³⁾	-	Within 24 months
4	Capital expenditure (Solar equipment)	-	-	2,814 ⁽³⁾	2,814	Within 12 months
5	Working capital	4,922	(5,217)	295 ⁽²⁾	-	Within 12 months
		23,422	(20,608)	-	2,814	

Notes:

- (1) The utilisation of proceeds as disclosed above should be read in conjunction with the prospectus dated 25 June 2020.
- (2) The unutilised balance of RM295,000 allocated for listing-related expenses had been re-allocated to the working capital during the 3-month financial period ended 31 March 2021 as the actual listing-related expenses incurred are lower than the budgeted listing-related expenses.
- (3) The unutilised balance of RM2,814,000 allocated for capital expenditure for light weight well testing (LWWT) equipment had been re-allocated to the capital expenditure for solar equipment as the actual capital expenditure for LWWT equipment are lower than the budgeted figures. The estimated timeframe for utilisation of capital expenditure for solar equipment is within 12 months from 1st April 2022.

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B7. Bank Borrowings

	Unaudited	
	As at 30.06.2022 RM'000	As at 30.06.2021 RM'000
<u>Secured</u>		
Current liabilities:		
Term loans	716	697
	716	697
Non-current liability:		
Term loans	5,721	6,444
<u>Non-secured</u>		
Current liabilities:		
Credit cards	48	19
Bank acceptance	4,691	-
Bank overdraft	805	-
Term loans	894	86
	6,438	106
Non-current liability:		
Term loans	2,988	150
Total borrowings:		
Credit cards	48	19
Bank acceptance	4,691	-
Bank overdraft	805	-
Term loans	10,319	7,376
	15,863	7,396

B8. Material Litigation

The Group has no material litigation as at the date of this interim financial report.

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B9. (Loss)/Earnings per Share (“(LPS)/EPS”)

(a) Basic	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) 3 months ended		(Unaudited) 6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
(Loss)/ Profit after taxation attributable to owners of the Company (RM'000)	(3,316)	3,952	(6,427)	4,050
Weighted average number of ordinary shares in issue ('000)	290,445	285,000	290,445	285,000
Basic (LPS)/EPS attributable to equity holders of the Company (sen) ^(a)	(1.14)	1.39	(2.21)	1.42
(b) Diluted	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) 3 months ended		(Unaudited) 6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM	RM	RM	RM
(Loss)/ Profit after taxation attributable to owners of the Company (RM'000)	(3,316)	3,952	(6,427)	4,050
Weighted average number of ordinary shares in issue ('000)	290,445	285,000	290,445	285,000
Number of potential shares to be issued ('000) arising from the exercise of warrants.	71,250	71,250	71,250	71,250
Diluted LPS (sen) ^(b)	(0.92)	1.11	(1.78)	1.14

Notes:

- (a) *The basic (LPS)/EPS is computed based on profit attributable to the owners of the Company and a weighted average number of ordinary shares issued during the period under review.*
- (b) *The diluted LPS is computed based on profit attributable to the owners of the Company and a weighted average number of ordinary shares issued that have been adjusted for the dilutive effects of all potential ordinary shares.*

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B10. Profit Before Tax

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>(Unaudited)</u>		<u>(Unaudited)</u>	
	3 months ended		6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	1,081	695	2,028	1,370
Depreciation of investment properties	29	29	58	58
Depreciation of right-of-use assets	163	98	285	197
Interest expenses	233	128	332	240
Interest income	(25)	(135)	(73)	(276)
Impairment losses on trade receivables	-	-	212	-
Listing expenses	377	-	377	-
Property, plant & equipment written off	22	-	25	-
Realised loss/(gain) on foreign exchange	25	(75)	31	(111)
Short term lease expenses	65	24	148	47
Rental income	(67)	(65)	(134)	(134)
Unrealised gain/(loss) on foreign exchange	(88)	46	(149)	1

B11. Derivative Financial Instruments

The Group has not entered into any derivatives as at the date of this Interim Financial Report.

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