



RESERVOIR LINK ENERGY BHD

Company No. : 201401044508 (1120690-K)

(Incorporated in Malaysia)

**Interim Financial Report
For The Financial Period Ended
31 March 2023
(5th Quarter)**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIFTH QUARTER ENDED 31 MARCH 2023 ^(b)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended 31.03.2023 RM'000	3 months ended 31.03.2022 RM'000	15 months ended 31.03.2023 RM'000	12 months ended 31.12.2021 RM'000
REVENUE	44,952	6,476	142,450	112,442
COST OF SALES	(38,681)	(6,749)	(121,385)	(83,232)
GROSS PROFIT	6,271	(273)	21,065	29,210
OTHER INCOME	188	263	1,491	1,160
	6,459	(10)	22,556	30,370
AMORTISATION OF INTANGIBLE ASSET	-	-	-	(1,564)
ADMINISTRATIVE EXPENSES	(4,502)	(3,813)	(19,235)	(11,352)
PROFIT/(LOSS) FROM OPERATION	1,957	(3,823)	3,321	17,454
FINANCE COSTS	(331)	(99)	(1,332)	(424)
IMPAIRMENT LOSSES ON TRADE RECEIVABLES	-	(212)	(239)	-
FAIR VALUE GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH LOSS OR PROFIT	(125)	-	-	-
SHARE OF RESULTS OF A JOINT VENTURE (NET OF TAX)	(42)	-	(66)	-
NET PROFIT/(LOSS) BEFORE TAXATION	1,459	(4,134)	1,684	17,030
INCOME TAX EXPENSES	(738)	814	(1,824)	(4,919)
NET PROFIT/(LOSS) AFTER TAXATION	721	(3,320)	(140)	12,111
OTHER COMPREHENSIVE INCOME				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences	-	-	0	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	721	(3,320)	(140)	12,111
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Group	350	(3,109)	(2,286)	10,758
Non-controlling interests	371	(211)	2,146	1,353
	721	(3,320)	(140)	12,111
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:-				
Owners of the Group	349	(3,109)	(2,288)	10,758
Non-controlling interests	372	(211)	2,148	1,353
	721	(3,320)	(140)	12,111
EARNING/(LOSS) PER SHARE (SEN)				
Basic ^(c)	0.12	(1.07)	(0.79)	3.76
Diluted ^(d)	0.10	(0.86)	(0.63)	3.01

Notes:

- (a) *On 11 January 2023, the Company announced that the Board of Directors approved the change of the Company's financial year end from 31 December to 30 June. The next audited financial statements of the Company will be made up from 1 January 2022 to 30 June 2023 covering a period of 18 months.*
- (b) *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.*
- (c) *Based on the weighted average number of ordinary shares outstanding during the financial period/ year under review.*
- (d) *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.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023 ^(b)

	Unaudited As At 31.03.2023 RM'000	Audited As At 31.12.2021 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	29,988	29,453
Investment properties	4,903	5,049
Right-of-use assets	270	663
Other receivables	-	134
Deferred tax assets	1,217	1,192
Joint Venture	1,259	-
Goodwill	13,973	13,973
	<u>51,610</u>	<u>50,464</u>
CURRENT ASSETS		
Inventories	11,434	7,634
Trade receivables	36,530	13,847
Other receivables, deposits and prepayments	10,456	1,827
Amount owing by related parties	-	3,262
Amount owing by joint venture	794	-
Tax recoverable	1,873	633
Contract Assets	24,366	2,790
Other investments	5,000	-
Short-term investments	13	5,031
Fixed deposits with licensed banks	6,683	3,630
Cash and bank balances	3,571	13,491
	<u>100,720</u>	<u>52,145</u>
TOTAL ASSETS	<u>152,330</u>	<u>102,609</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	47,968	47,968
Treasury Shares	(505)	-
Foreign exchange translation reserve	884	886
Retained profits	39,598	41,884
Contingent consideration	3,910	3,910
Merger deficit	(15,779)	(15,779)
	<u>76,076</u>	<u>78,869</u>
Non-controlling interests	4,763	2,615
TOTAL EQUITY	<u>80,839</u>	<u>81,484</u>
NON-CURRENT LIABILITIES		
Bank borrowings	8,956	6,186
Lease liabilities	90	228
Deferred tax liabilities	1,373	1,276
	<u>10,419</u>	<u>7,690</u>
CURRENT LIABILITIES		
Bank borrowings	26,853	842
Lease liabilities	191	460
Trade payables	29,560	9,564
Other payables and accrual	4,003	2,022
Provision for taxation	465	547
	<u>61,072</u>	<u>13,435</u>
TOTAL LIABILITIES	<u>71,491</u>	<u>21,125</u>
TOTAL EQUITY AND LIABILITIES	<u>152,330</u>	<u>102,609</u>
Net asset per share ^(c) (RM)	0.28	0.28

Notes:

- (a) *On 11 January 2023, the Company announced that the Board of Directors approved the change of the Company's financial year end from 31 December to 30 June. The next audited financial statements of the Company will be made up from 1 January 2022 to 30 June 2023 covering a period of 18 months.*
- (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.*
- (a) *Based on the Company's issued share capital of 290,445,000 ordinary shares as at the end of the financial period .*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIFTH QUARTER ENDED 31 MARCH 2023 ^(b)

	Share Capital	Treasury Shares	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	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	-	-	-	-	-	-	-	-	-
- Purchase of treasury shares	-	(505)	-	-	-	-	(505)	-	(505)
Total transaction with owners	-	(505)	-	-	-	-	(505)	-	(505)
Profit after taxation for the financial year	-	-	-	-	-	(2,286)	(2,286)	2,146	(140)
Other comprehensive income for the financial period: Foreign exchange translation difference	-	-	-	(2)	-	-	(2)	2	-
Balance at 31.03.2023	47,968	(505)	(15,779)	884	3,910	39,598	76,076	4,763	80,839

Note:

(a) On 11 January 2023, the Company announced that the Board of Directors approved the change of the Company's financial year end from 31 December to 30 June. The next audited financial statements of the Company will be made up from 1 January 2022 to 30 June 2023 covering a period of 18 months.

- (b) *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.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIFTH QUARTER ENDED 31 MARCH 2023 ^(b)

	(Unaudited)	(Audited)
	Year To Date	Year To Date
	31.03.2023	31.12.2021
	RM'000	RM'000
<u>Cash Flows from/(for) operating activities</u>		
Profit before tax	1,684	17,030
<u>Adjustments for:</u>		
Bad debts written off	134	-
Amortisation of intangible asset	-	1,564
Allowance for impairment losses on trade receivables	239	-
Depreciation of property, plant and equipment	5,130	2,963
Depreciation of investment properties	146	117
Depreciation of right-of-use assets	635	441
Fair value loss/(gain) on short-term investments	-	(357)
Loss/(gain) on disposal of property, plant and equipment	-	6
Interest expenses	1,332	424
Interest income	(196)	(423)
Property, plant and equipment written off	121	157
Share of net loss on equity accounted for joint ventures	66	-
Unrealised loss/(gain) on foreign exchange	26	36
	9,317	21,960
Operating (loss)/profit before working capital changes		
(Increase)/Decrease in inventories	(3,799)	23,620
(Increase)/Decrease in receivables	(28,671)	(9,536)
Increase/(Decrease) in payables	22,068	(17,309)
Increase/(Decrease) in contract assets	(23,589)	(2,790)
Increase/(Decrease) in related parties	3,261	(3,262)
(Increase)/Decrease in amount owing by joint ventures	(794)	-
Cash (for)/from operations	(22,207)	12,684
Interest expenses paid	(1,332)	(424)
Income tax paid	(3,835)	(3,097)
Income tax refunded	734	-
Net cash (for)/from operating activities	(26,640)	9,163

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIFTH QUARTER ENDED 31 MARCH 2023 ^(b)

	(Unaudited)	(Audited)
	Year To Date	Year To Date
	31.03.2023	31.12.2021
	RM'000	RM'000
Cash flows from/(for) investing activities		
Net cash inflow/(outflow) on acquisition of subsidiary	-	(8,464)
Increased in non-controlling interest	-	80
Interest income received	196	423
Purchase of property, plant and equipment	(5,786)	(9,382)
Purchase of joint ventures	(1,326)	-
Proceeds from disposal of property, plant and equipment	-	78
(Increase)/Decrease in short-term investments	22	22,569
(Increase)/Decrease in pledged fixed deposits with licensed banks	1,171	(216)
Net cash (for)/from investing activities	(5,723)	5,087
Cash flows from/(for) financing activities		
Dividend paid	(889)	(1,452)
Net drawdown/(repayment) of borrowings	18,915	(777)
Net increase/(decrease) in credit card facility	36	12
Purchase of treasury shares	(505)	-
Repayment of lease liabilities	(557)	(435)
Net cash from/(for) financing activities	17,000	(2,654)
Net decrease in cash and cash equivalents	(15,363)	11,596
Cash and cash equivalents at beginning of the financial period	13,491	1,896
Effect of foreign exchange translation	(1)	-
Cash and cash equivalents at end of the financial period	(1,872)	13,491
Cash and cash equivalents comprise the followings:		
Fixed deposits with licensed banks	6,683	3,630
Cash and bank balances	3,571	13,491
Cash and cash equivalents as reported in the Statement of Financial Position	10,254	17,121
Less: Fixed deposits with licensed banks more than 3 months	(6,683)	(3,630)
Less: Bank overdrafts	(5,443)	-
	(1,872)	13,491

Note:

- (a) On 11 January 2023, the Company announced that the Board of Directors approved the change of the Company's financial year end from 31 December to 30 June. The next audited financial statements of the Company will be made up from 1 January 2022 to 30 June 2023 covering a period of 18 months.
- (b) 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.

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 Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

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.

On 11 January 2023, the Company announced that the Board of Directors approved the change of the Company’s financial year end from 31 December to 30 June. The next audited financial statements of the Company will be made up from 1 January 2022 to 30 June 2023 covering a period of 18 months.

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 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

ii. Financial year beginning on or after 1 January 2024:

- Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 101 Disclosure of Accounting Policies
- Amendments to MFRS 16 Lease Liability in a Sale and Leaseback

iii. 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 31 March 2023 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		
	31.03.2023	31.03.2022		
	RM'000	RM'000	RM'000	%
O&G Well Services	13,883	4,094	9,789	>100%
Well leak repair	2,248	1,863	385	21%
Well perforation	2,492	771	1,721	>100%
Well testing	5,720	-	5,720	0%
Wireline services	900	(22)	922	>(100)%
O&G production enhancement	2,523	1,482	1,041	70%
Renewable Energy	30,872	2,120	28,752	>100%
Other Services	197	262	(65)	(25)%
Total	44,952	6,476	38,476	>100%

Gross Profit	(Unaudited)	(Unaudited)	Variance	Variance
	Current Quarter	Correspondence Quarter		
	31.03.2023	31.03.2022		
	RM'000	RM'000	RM'000	%
O&G Well Services	3,744	(865)	4,609	>(100)%
Well leak repair	855	215	640	>100%
Well perforation	565	(510)	1,075	>(100)%
Well testing	1,704	(551)	2,255	>(100)%
Wireline services	248	(312)	560	>(100)%
O&G production enhancement	372	293	79	27%
Renewable Energy	2,777	619	2,158	>100%
Other Services	(250)	(27)	(223)	>100%
Total	6,271	(273)	6,544	>(100)%

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

Revenue	(Unaudited) Current Quarter 31.03.2023 RM'000	(Unaudited) Preceding Quarter 31.12.2022 RM'000	Variance RM'000	Variance %
O&G Well Services	13,883	12,761	1,122	9%
Well leak repair	2,248	3,095	(847)	(27%)
Well perforation	2,492	3,065	(573)	(19%)
Well testing	5,720	3,282	2,438	74%
Wireline services	900	476	424	89%
O&G production enhancement	2,523	2,843	(320)	(11%)
Renewable Energy	30,872	19,473	11,399	59%
Other Services	197	192	5	3%
Total	44,952	32,426	12,526	39%

Gross Profit	(Unaudited) Current Quarter 31.03.2023 RM'000	(Unaudited) Preceding Quarter 31.12.2022 RM'000	Variance RM'000	Variance %
O&G Well Services	3,744	4,133	(389)	(9%)
Well leak repair	855	1,641	(786)	(48%)
Well perforation	565	1,149	(584)	(51%)
Well testing	1,704	783	921	>100%
Wireline services	248	76	172	>100%
O&G production enhancement	372	484	(112)	(23%)
Renewable Energy	2,777	2,595	182	7%
Other Services	(250)	(497)	247	(50%)
Total	6,271	6,231	40	1%

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

Revenue	(Unaudited)	(Audited)	Variance	Variance
	Cumulative Quarter	Correspondence Quarter		
	31.03.2023	31.12.2021	RM'000	%
	RM'000	RM'000		
O&G Well Services	47,036	87,278	(40,242)	(46%)
Well leak repair	12,580	11,823	757	6%
Well perforation	14,396	39,621	(25,225)	(64%)
Well testing	9,046	617	8,429	>100%
Wash and cement	-	26,699	(26,699)	(100%)
Wireline services	1,793	249	1,544	>100%
O&G production enhancement	9,221	8,269	952	12%
Renewable Energy	94,386	24,905	69,481	>100%
Other Services	1,028	259	769	>100%
Total	142,450	112,442	30,008	27%

Gross Profit	(Unaudited)	(Audited)	Variance	Variance
	Cumulative Quarter	Correspondence Quarter		
	31.03.2023	31.12.2021	RM'000	%
	RM'000	RM'000		
O&G Well Services	10,144	26,078	(15,934)	(61%)
Well leak repair	4,549	3,719	830	22%
Well perforation	4,286	13,358	(9,072)	(68%)
Well testing	660	(1,303)	1,963	>(100%)
Wash and cement	-	6,828	(6,828)	(100%)
Wireline services	(712)	(321)	(391)	>100%
O&G production enhancement	1,361	3,797	(2,436)	(64%)
Renewable Energy	11,759	3,161	8,598	>100%
Other Services	(838)	(29)	(809)	>100%
Total	21,065	29,210	(8,145)	(28%)

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(IV) Assets as at 31 March 2023 and 2021

Segment Assets	As at 31/03/2023 RM'000	As at 31/12/2021 RM'000
Investment holding	52,007	52,814
Oil and gas related activities	84,458	72,817
Renewable energy related activities	55,262	11,216
Others activities	3,730	55
Consolidation adjustments	(45,180)	(34,293)
Segment assets	150,277	102,609
Joint venture	2,053	-
Total assets	152,330	102,609

(V) Liabilities as at 31 March 2023 and 2021

Segment Liabilities	As at 31/03/2023 RM'000	As at 31/12/2021 RM'000
Investment holding	3,298	4,792
Oil and gas related activities	34,303	23,928
Renewable energy related activities	46,763	6,451
Others activities	4,745	54
Consolidation adjustments	(17,618)	(14,100)
Segment liabilities	71,491	21,125
Joint venture	-	-
Total liabilities	71,491	21,125

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 31.03.2023 RM'000	(Unaudited) As at 31.03.2022 RM'000
Approved and contracted for:		
Purchase of equipment	485	2,462
Purchase of concession assets	1,037	-
Approved but not contracted for:		
Purchase of equipment	-	2,521

A12. Contingent Assets and Liabilities

The Group's contingent liabilities were as follow:

	(Unaudited) As at 31.03.2023 RM'000	(Unaudited) As at 31.03.2022 RM'000
Bank guarantee for performance	11,380	2,823
Bank guarantee for tenancy agreement	86	86
	11,466	2,909

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”).
- (iv) As announced on 31 January 2023, the Company wholly-owned subsidiary, Skyline Energy Sdn Bhd (“SESB”) entered into a Term Sheet (“TS”) for the acquisition of 90% equity interest in PT Eco Power Engineering (“EPE”), a company incorporated in Indonesia. The completion of the proposed acquisition is subject to various conditions precedent. For further details please refer to the announcement.

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.

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 31.03.2023 RM'000	(Unaudited) Correspondence Quarter 31.03.2022 RM'000	Variance RM'000	Variance %
Revenue	44,952	6,476	38,476	>100%
Profit before taxation (“PBT”)	1,459	(4,134)	5,593	>(100%)

For the current financial quarter ended 31 March 2023, the Group registered revenue of RM45.0 million. The Group revenue increased by RM38.5 million or 594% as compared to previous year corresponding quarter ended 31 March 2022.

The increased in group revenue was mainly due to the improve in revenue from renewable energy segment and oil and gas segment by RM28.8 million and RM9.8 million respectively. In line with the increase in revenue, the Group’s PBT increased by RM5.6 million accordingly.

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

	(Unaudited) Cumulative Quarter 31.03.2023 RM'000	(Unaudited) Correspondence Quarter 31.12.2021 RM'000	Variance RM'000	Variance %
Revenue	142,450	112,442	30,008	27%
Profit before taxation (“PBT”)	1,684	17,030	(15,346)	(90%)

The Group changed its financial year end from 31 December to 30 June. Accordingly, in the current quarter ended 31 March 2023 cover a 15-month period from 1 January 2022 to 31 March 2023 (“CYTD”) as compared to the 12-month period from 1 January 2021 to 31 December 2021 (“PYTD”).

Despite higher revenue, PBT has decreased by 90% due to completion of Mauritania project in October 2021 which has contributed higher profit margin. Whereas in CYTD, the revenue was contributed from renewable energy segment arising from acquisition of FESB. The profit contribution from FESB was offset by the losses of oil and gas segment.

(c) CQ vs Previous Quarter (“PQ”).

	(Unaudited) Current Quarter 31.03.2023 RM'000	(Unaudited) Previous Quarter 31.12.2022 RM'000	Variance RM'000	Variance %
Revenue	44,952	32,426	12,526	39%
PBT	1,459	4,798	(3,339)	(70%)

The Group revenue for the CQ increased by RM12.5 million or 39% as compared to the PQ. The increase in revenue from renewable energy segment by RM11.4 million and RM1.1 million from oil & gas segment in CQ.

The Group’s PBT reduced by RM3.3 million in CQ. The decrease in PBT was due to lower gross profit margin from renewable energy segment in CQ, and the fair value gain of other investment of RM2.4 million which was recognised in PQ.

B2. Commentary on Prospects

The Malaysian economy grew 5.6% in the first quarter of 2023 (7.1%;4Q 2022) as the growth was mainly driven by domestic demand, with further improvement in the labor market and continued expansion in wages supporting private consumption.

BNM expected that resilient domestic demand continues to drive the economy along with stronger-than-expected performance in China. The central bank's noted that average inflation, both headline and core, is forecast to settle between 2.8% and 3.8% this year, likely toward the upper end of that range. The headline inflation during the first quarter trended lower to 3.6%, from 3.9% in the last quarter of 2022.

Malaysia in March 2023 recorded a lower inflation rate, 3.4%, than neighbors such as the Philippines, 7.6%, and Indonesia, 5%, as well as some Western economies. Still, the bank noted persistent inflationary pressure from geopolitical tensions, extreme weather, greater-than-anticipated Chinese demand and exchange rate fluctuations. BNM's monetary policy priority is sustainable growth, according to Malaysian Industrial Development Finance Research, which expects the bank to shift to a wait-and-see stance while monitoring major global central banks.

The outlook for the oil and gas sector is expected to remain stable but remains cautious over rising costs, which erode margins for players. The current elevated oil and gas prices are not an assurance of high prices in the future. Yet, the sector has to build its resilience today by deploying the latest technology and utilising resources in an optimal manner to weather prevailing uncertainties and rising volatility in the market.

The Malaysia Renewable Energy Roadmap formulates strategies to achieve the Government’s target of 31% RE share in the national installed capacity mix and to further decarbonize the power generation sector until 2035. In alignment with the energy transition, the Dasar Tenaga Negara (“DTN”) will enhance the environmental sustainability by reducing the overall energy intensity, while improving the intensity of the primary energy mix through increased penetration of clean and renewable sources of energy and decreased penetration of coal and petroleum products in the primary energy mix.

One of the strategies being employed to spur greater RE penetration include optimising power generation mix factoring in rapid technology progress, implementing physical and regulatory enablers to accommodate power system advancement as well as enhancing regional and international grid system interconnectivity.

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 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;
- (ii) 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;
- (iii) 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;
- (iv) 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
- (v) 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.
- (vi) 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;
- (vii) 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;
- (viii) 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;
- (ix) 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;
- (x) As announced on 7 June 2022, the Group received a letter of award from Osram Opto Semiconductors (Malaysia) Sdn Bhd for proposed development of 7,608.6 KWP solar rooftop & building integrated photovoltaics (BIPV) power generation facilities; and
- (xi) 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.
- (xiii) As announced on 30 August 2022, the Group received a letter of award from Atlantic Blue Sdn Bhd for the turnkey construction and commissioning of large-scale solar photovoltaic plant

(solar generating facility) of 13 MWac at Lot 1223, Mukim Api-Api, Daerah Kuala Selangor, Selangor.

- (xiv) As announced on 12 September 2022, the Group received a letter of award from Savelite Engineering Sdn Bhd for the turnkey construction and commissioning of large-scale solar photovoltaic plant (solar generating facility) of 25 MWac at Lot 9995, Mukim Setiawan, Daerah Manjung, Perak.
- (xv) As announced on 19 September 2022, the Group received a letter of award from PETRONAS Carigali Sdn Bhd for the provision of completion new technology equipment and services – Boron Eazigoflo for a period of one (1) year from 1 August to 31 July 2023.
- (xvi) As announced on 29 September 2022, the Group received a letter of award from PETRONAS Carigali Sdn Bhd for the provision of light weight well test services for Malaysian Asset 2022 – 2024 for a period of two (2) years from 18 August 2022 to 17 August 2023.
- (xvii) As announced on 17 January 2023, the Group received a letter of award from Atlantic Blue Sdn Bhd for engineering, procurement, construction and commissioning of the interconnection facility for the development of large- scale solar photovoltaic plant of 50.00 MWac at Bukit Selambau, Kedah.
- (xviii) As announced on 26 January 2023, the Group received a letter of award from Fabulous Sunview Sdn Bhd for the supply of mounting structure for large-scale solar (“LSS”) photovoltaic plant development in Malaysia.

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 2023.

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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)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	3 months	3 months	15 months	12 months
	31.03.2023	31.03.2022	31.03.2023	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Income tax	428	13	1,723	2,203
Deferred tax	310	(827)	101	2,716
	<u>738</u>	<u>(814)</u>	<u>1,824</u>	<u>4,919</u>
Effective tax rate (“ETR”) ^(a)	50.6%	-	108.3%	28.9%

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 and year-to-date were higher than the statutory tax rate was mainly due to certain expenses or losses being disallowed for tax purposes, as well as non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

B5. Status of Corporate Proposals
Proposed Acquisition

As announced on 31 January 2023, the Company wholly-owned subsidiary, Skyline Energy Sdn Bhd (“SES B”) entered into a Term Sheet (“TS”) for the acquisition of 90% equity interest in PT Eco Power Engineering (“EPE”), a company incorporated in Indonesia. The completion of the proposed acquisition is subject to various conditions precedent. For further details please refer to the announcement.

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B6. Utilisation of Proceeds Raised from the Public Issue⁽¹⁾

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	Transfer	Actual Utilisation up to 31 March 2023	Balance Unutilised	Estimated Timeframe for Utilisation
		RM'000	RM'000	RM'000	RM'000	
1	Repayment of bank borrowings	5,000	-	(5,000)	-	Within 6 months
2	Estimated listing expenses	3,500	(295) ⁽²⁾	(3,205)	-	Immediate
3	Capital expenditure (LWWT equipment)	10,000	(2,814) ⁽³⁾	(7,186)	-	Within 24 months
4	Capital expenditure (Solar equipment)	-	2,814 ⁽³⁾	(2,814)	-	Within 12 months
5	Working capital	4,922	295 ⁽²⁾	(5,217)	-	Within 12 months
		23,422	-	(23,422)	-	

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 31.03.2023	As at 31.12.2021
	RM'000	RM'000
<u>Secured</u>		
Current liabilities:		
Term loans	729	709
	729	709
Non-current liability:		
Term loans	5,173	6,080
<u>Non-secured</u>		
Current liabilities:		
Credit cards	82	45
Bank acceptance	5,171	-
Bank overdraft	5,443	-
Domestic Recourse Factoring	5,396	-
Invoice financing	5,413	-
Revolving Credit	3,124	-
Share margin financing	5	-
Term financing	10	-
Term loans	1,480	88
	26,124	133
Non-current liability:		
Term loans	3,783	106
Total borrowings:		
Credit cards	82	45
Bank acceptance	5,171	-
Bank overdraft	5,443	-
Domestic Recourse Factoring	5,396	-
Invoice financing	5,413	-
Revolving Credit	3,124	-
Share margin financing	5	-
Term financing	10	-
Term loans	11,165	6,983
	35,809	7,028

B8. Material Litigation

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

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

(a) Basic	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended 31.03.2023 RM	3 months ended 31.03.2022 RM	15 months ended 31.03.2023 RM	12 months ended 31.12.2021 RM
Profit/ (Loss) after taxation attributable to owners of the Company (RM'000)	350	(3,109)	(2,286)	10,758
Weighted average number of ordinary shares in issue ('000)	289,641	290,445	289,641	285,738
Basic EPS/(LPS) attributable to equity holders of the Company (sen) ^(a)	0.12	(1.07)	(0.79)	3.76
(b) Diluted	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended 31.03.2023 RM	3 months ended 31.03.2022 RM	15 months ended 31.03.2023 RM	12 months ended 31.12.2021 RM
Profit/ (Loss) after taxation attributable to owners of the Company (RM'000)	350	(3,109)	(2,286)	10,758
Weighted average number of ordinary shares in issue ('000)	289,641	290,445	289,641	285,738
Number of potential shares to be issued ('000) arising from the exercise of warrants.	71,250	71,250	71,250	71,250
Diluted EPS/(LPS) (sen) ^(b)	0.10	(0.86)	(0.63)	3.01

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited)		(Unaudited)	
	3 months ended	3 months ended	15 months ended	12 months ended
	31.03.2023	31.03.2022	31.03.2023	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- current year	-	-	22	93
Bad debts written off	134	-	134	-
Depreciation of property, plant and equipment	1,000	947	5,130	2,963
Depreciation of investment properties	29	29	146	117
Depreciation of right-of-use assets	57	122	635	441
Interest expenses	331	99	1,332	424
Interest income	(66)	(48)	(196)	(423)
Impairment losses on trade receivables	-	212	239	-
Impairment of Intangible Assets	-	-	-	1,564
Listing expenses	-	-	428	210
Loss/(gain) on disposal of property, plant and equipment	-	-	-	6
Property, plant & equipment written off	39	3	121	157
Realised loss/(gain) on foreign exchange	211	6	47	(317)
Short term lease expenses	6	83	30	719
Rental income	(67)	(67)	(335)	(263)
Unrealised (gain)/ loss on foreign exchange	(33)	(61)	26	36

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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