



**RESERVOIR LINK ENERGY BHD**

Company No. : 201401044508 (1120690-K)

(Incorporated in Malaysia)

**Interim Financial Report  
For The Financial Period Ended  
30 June 2020  
(2nd Quarter)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2020 <sup>(a)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Unaudited 30.06.2020 RM'000	Preceding Year Corresponding Quarter Unaudited 30.06.2019 <sup>(b)</sup> RM'000	Current Year-To- Date Unaudited 30.06.2020 RM'000	Preceding Year Corresponding Period Unaudited 30.06.2019 <sup>(b)</sup> RM'000
REVENUE	16,536	N/A	39,393	N/A
COST OF SALES	(13,672)	N/A	(30,089)	N/A
<b>GROSS PROFIT</b>	<b>2,864</b>	<b>N/A</b>	<b>9,304</b>	<b>N/A</b>
OTHER INCOME	193	N/A	806	N/A
	3,057	N/A	10,110	N/A
ADMINISTRATIVE EXPENSES	(1,707)	N/A	(4,464)	N/A
<b>PROFIT FROM OPERATION</b>	<b>1,350</b>	<b>N/A</b>	<b>5,646</b>	<b>N/A</b>
FINANCE CHARGES	(204)	N/A	(428)	N/A
WRITE-BACK OF IMPAIRMENT LOSSES ON TRADE RECEIVABLES	35	N/A	10	N/A
<b>NET PROFIT BEFORE TAXATION</b>	<b>1,181</b>	<b>N/A</b>	<b>5,228</b>	<b>N/A</b>
INCOME TAX EXPENSES	(286)	N/A	(1,446)	N/A
<b>NET PROFIT AFTER TAXATION</b>	<b>895</b>	<b>N/A</b>	<b>3,782</b>	<b>N/A</b>
OTHER COMPREHENSIVE INCOME				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences	-	N/A	1	N/A
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>	<b>895</b>	<b>N/A</b>	<b>3,783</b>	<b>N/A</b>
<b>PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>				
Owners of the Group	887	N/A	3,609	N/A
Non-controlling interests	8	N/A	173	N/A
	<b>895</b>	<b>N/A</b>	<b>3,782</b>	<b>N/A</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-</b>				
Owners of the Group	887	N/A	3,610	N/A
Non-controlling interests	8	N/A	173	N/A
	<b>895</b>	<b>N/A</b>	<b>3,783</b>	<b>N/A</b>
<b>EARNING PER SHARE (SEN) <sup>(c)</sup></b>				
Basic <sup>(d)</sup>	0.39	N/A	1.58	N/A
Diluted <sup>(d)</sup>	0.39	N/A	1.58	N/A

## Notes:

- (a) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 25 June 2020 and the accompanying explanatory notes are an integral part of this interim financial report.
- (b) No comparative figures for the preceding quarter and preceding year's corresponding period are presented as this is the second interim financial report on the consolidated results announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").
- (c) Based on the weighted average number of ordinary shares outstanding during the financial period under review.
- (d) Diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any convertible securities as at 30 June 2020.

N/A Not applicable.

**RESERVOIR LINK ENERGY BHD**Company No. 201401044508 (1120690-K)  
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020 <sup>(a)</sup>**

	Unaudited As At 30.06.2020 RM'000	Unaudited As At 30.06.2019 <sup>(b)</sup> RM'000
<b>ASSETS</b>		
NON CURRENT ASSETS		
Property, plant and equipment	21,105	N/A
Investment properties	5,224	N/A
Other receivables	172	N/A
Deferred tax assets	4,602	N/A
	<u>31,103</u>	<u>N/A</u>
CURRENT ASSETS		
Inventories	22,089	N/A
Trade receivables	15,518	N/A
Other receivables, deposits and prepayments	7,165	N/A
Short-term investments	7,571	N/A
Fixed deposits with licensed banks	3,760	N/A
Cash and bank balances	7,849	N/A
	<u>63,952</u>	<u>N/A</u>
<b>TOTAL ASSETS</b>	<b><u>95,055</u></b>	<b><u>N/A</u></b>
<b>EQUITY AND LIABILITIES</b>		
EQUITY		
Share capital	22,787	N/A
Foreign exchange translation reserve	888	N/A
Retained profits	26,565	N/A
Merger deficit	(15,779)	N/A
	<u>34,461</u>	<u>N/A</u>
Non-controlling interests	95	N/A
<b>TOTAL EQUITY</b>	<b><u>34,556</u></b>	<b><u>N/A</u></b>
NON-CURRENT LIABILITIES		
Bank borrowings	10,840	N/A
Deferred tax liabilities	307	N/A
	<u>11,147</u>	<u>N/A</u>
CURRENT LIABILITIES		
Bank borrowings	1,748	N/A
Trade payables	15,352	N/A
Other payables and accruals	28,034	N/A
Provision for taxation	4,218	N/A
	<u>49,352</u>	<u>N/A</u>
<b>TOTAL LIABILITIES</b>	<b><u>60,499</u></b>	<b><u>N/A</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>95,055</u></b>	<b><u>N/A</u></b>
<b>Net asset per share <sup>(b)</sup> (RM)</b>	<b>0.15</b>	<b>N/A</b>

## RESERVOIR LINK ENERGY BHD

Company No. 201401044508 (1120690-K)

(Incorporated in Malaysia)

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### 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 Accountants' Report as disclosed in the prospectus dated 25 June 2020 and the accompanying explanatory notes attached to this interim financial report.*
- (b) *This is the second interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding quarter as no interim financial report was prepared for the comparative financial period concerned.*
- (c) *Based on the Company's issued share capital of 227,874,000 ordinary shares as at the end of the financial period (prior to the restructuring pursuant to the initial public offering).*

N/A *Not applicable*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2020 <sup>(a)</sup>**

	Issued RM '000	Merger Deficit RM '000	Foreign Exchange Translation Reserve RM '000	Retained Earning RM '000	Non-controlling Interest RM '000	Total RM '000
<b>Balance at 01.01.2020</b>	7,008	-	887	22,956	(78)	30,773
Contributions by and distribution to owners of the Company:-						
- Issuance of ordinary shares	22,787	-	-	-	-	22,787
- Acquisition of subsidiaries in business combination under common control	(7,008)	(15,779)	-	-	-	(22,787)
Total transaction with owners	15,779	(15,779)	-	-	-	-
Profit after taxation for the financial year	-	-	-	3,609	173	3,782
Foreign exchange translation difference	-	-	1	-	-	1
<b>Balance at 30.06.2020 (Unaudited)</b>	<b>22,787</b>	<b>(15,779)</b>	<b>888</b>	<b>26,565</b>	<b>95</b>	<b>34,556</b>

Note:

(a) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 25 June 2020 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 2020 <sup>(a)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Unaudited 30.06.2020	Preceding Year Corresponding Quarter Unaudited 30.06.2019	Current Year-To-Date Unaudited 30.06.2020	Preceding Year Corresponding Period Unaudited 30.06.2019
<b>Note</b>	<b>RM'000</b>	<b>RM'000 <sup>(b)</sup></b>	<b>RM'000</b>	<b>RM'000 <sup>(b)</sup></b>
<b><u>Cash Flows from operating activities</u></b>				
Profit before tax	1,181	N/A	5,228	N/A
<b><u>Adjustments for:</u></b>				
Depreciation of property, plant and equipment	609	N/A	1,185	N/A
Depreciation of investment property	29	N/A	62	N/A
Write-back of impairment losses on trade receivable	(35)	N/A	-	N/A
Reversal of allowance for impairment losses on trade receivable	-	N/A	(10)	N/A
Gain on disposal of property, plant and equipment	-	N/A	(126)	N/A
Interest expenses	221	N/A	445	N/A
Interest income	(67)	N/A	(103)	N/A
Unrealised gain on foreign exchange	(82)	N/A	(9)	N/A
<b>Operating profit before working capital changes</b>	<b>1,856</b>	<b>N/A</b>	<b>6,672</b>	<b>N/A</b>
Increase in inventories	(2,981)	N/A	(10,809)	N/A
Increase in trade and other receivables	5,281	N/A	3,951	N/A
Increase in trade and other payables	5,550	N/A	11,245	N/A
Increase in non-related company	(10)	N/A	-	N/A
Decrease in amount owing to directors	-	N/A	(55)	N/A
<b>Cash from operations</b>	<b>9,696</b>	<b>N/A</b>	<b>11,004</b>	<b>N/A</b>
Interest expenses paid	(221)	N/A	(445)	N/A
Income tax paid	(489)	N/A	(1,253)	N/A
<b>Net cash from operating activities</b>	<b>8,986</b>	<b>N/A</b>	<b>9,306</b>	<b>N/A</b>
<b><u>Cash flows for investing activities</u></b>				
Disposal of investment property	-	N/A	1,225	N/A
Purchase of property, plant and equipment	(1,814)	N/A	(3,098)	N/A
Increase in money market fund	(3,095)	N/A	(3,892)	N/A
Increase/ decrease in fixed deposits with licensed banks pledged to licensed banks	(768)	N/A	(178)	N/A
Interest income received	67	N/A	103	N/A
<b>Net cash for investing activities</b>	<b>(5,610)</b>	<b>N/A</b>	<b>(5,840)</b>	<b>N/A</b>

**RESERVOIR LINK ENERGY BHD**Company No. 201401044508 (1120690-K)  
(Incorporated in Malaysia)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Unaudited 30.06.2020 Note	Preceding Year Corresponding Quarter Unaudited 30.06.2019 RM'000 <sup>(b)</sup>	Current Year-To-Date Unaudited 30.06.2020 RM'000	Preceding Year Corresponding Period Unaudited 30.06.2019 RM'000 <sup>(b)</sup>
<b>Cash flows for financing activities</b>				
Drawdown of credit cards facility	(12)	N/A	14	N/A
Proceed received from issuance of pink form shares	902	N/A	902	N/A
Drawdown of term loans	609	N/A	1,659	N/A
Repayment of term loans	(431)	N/A	(600)	N/A
<b>Net cash for financing activities</b>	<b>1,068</b>	<b>N/A</b>	<b>1,975</b>	<b>N/A</b>
Net decrease in cash and cash equivalents	4,444	N/A	5,441	N/A
Cash and cash equivalents at beginning of the financial period	3,409	N/A	2,388	N/A
Effect of foreign exchange translation	(4)	N/A	20	N/A
Cash and cash equivalents at end of the financial period	<b>7,849</b>	<b>N/A</b>	<b>7,849</b>	<b>N/A</b>
<b>Cash and cash equivalents comprise the followings:</b>				
Fixed deposits with licensed banks	3,760	N/A	3,760	N/A
Cash and bank balances	7,849	N/A	7,849	N/A
Less:				
Fixed deposits with licensed banks more than 3 months	(3,760)	N/A	(3,760)	N/A
	<b>7,849</b>	<b>N/A</b>	<b>7,849</b>	<b>N/A</b>

**Notes:**

- (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 Accountants' Report as disclosed in the prospectus dated 25 June 2020 and the accompanying explanatory notes attached to this interim financial report.*
- (b) *This is the second interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding financial year's corresponding quarter and preceding financial year corresponding period as no interim financial report was prepared for the preceding financial year's corresponding quarter.*
- N/A *Not applicable*

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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 Listing Requirements of Bursa Securities.

This is the second Interim Financial Report on the Company’s unaudited condensed consolidated financial results for the second quarter ended 30 June 2020 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

The Interim Financial Report should be read in conjunction with the Accountants’ Report as disclosed in the prospectus of the Company dated 25 June 2020 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 as disclosed in the Accountants’ Report in the prospectus dated 25 June 2020. 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 2020 that are applicable and adopted by the Group are as follows:

Amendments to MFRS 3	Business Combinations – Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 16	COVID-19 Related Rent Concessions
Amendments to References to the Conceptual Framework	

The adoption of the above amendments to published standards did not have any material impact to the Company for the financial year ending 31 December 2020 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 2022:**
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
  - Amendments to MFRS 3 Reference to the Conceptual Framework
  - Amendments to MFRS 116 Property, Plant and Equipment-Proceeds before intended Use
  - Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract
  - Annual Improvements to MFRS 1 Subsidiary as First-time Adopter
  - Annual Improvements to MFRS 141 Taxation in Fair Value Measurements
  - Annual Improvements to MFRS 9 Fees in the ‘10 per cent’ test for Derecognition of Financial Liabilities
  - Annual Improvements to Illustrative Example Accompanying MFRS 16 Leases Lease Incentives



**A2. Significant Accounting Policies (Cont'd)****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 2019 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 Paid**

No dividends were paid during the current financial quarter under review.

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**A9. Segmental Reporting**

The Group's segment information for the current financial period ended 30 June 2020 is as follows:

**Analysis of Revenue by Business Segments**

Revenue	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited 30.06.2020 RM'000	Unaudited 30.06.2019 RM'000 <sup>(a)</sup>	Unaudited 30.06.2020 RM'000	Unaudited 30.06.2019 RM'000 <sup>(a)</sup>
<b>O&amp;G Well Services</b>	<b>16,465</b>	<b>N/A</b>	<b>39,095</b>	<b>N/A</b>
Well leak repair	3,522	N/A	6,946	N/A
Well perforation	5,362	N/A	14,830	N/A
Well testing	2,675	N/A	2,683	N/A
Wash and cement	3,976	N/A	11,471	N/A
Wireline services	585	N/A	874	N/A
O&G production enhancement	345	N/A	2,291	N/A
<b>Other Services</b>	<b>71</b>	<b>N/A</b>	<b>298</b>	<b>N/A</b>
<b>Total</b>	<b>16,536</b>	<b>N/A</b>	<b>39,393</b>	<b>N/A</b>

**Analysis of Gross Profit by Business Segments**

Gross Profit	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited 30.06.2020 RM'000	Unaudited 30.06.2019 RM'000 <sup>(a)</sup>	Unaudited 30.06.2020 RM'000	Unaudited 30.06.2019 RM'000 <sup>(a)</sup>
<b>O&amp;G Well Services</b>	<b>2,830</b>	<b>N/A</b>	<b>9,230</b>	<b>N/A</b>
Well leak repair	1,599	N/A	3,411	N/A
Well perforation	(13)	N/A	3,734	N/A
Well testing	58	N/A	(330)	N/A
Wash and cement	1,115	N/A	1,584	N/A
Wireline services	(57)	N/A	(149)	N/A
O&G production enhancement	128	N/A	980	N/A
<b>Other Services</b>	<b>34</b>	<b>N/A</b>	<b>74</b>	<b>N/A</b>
<b>Total</b>	<b>2,864</b>	<b>N/A</b>	<b>9,304</b>	<b>N/A</b>

Notes:

(a) No comparative figures for the preceding year's corresponding quarter and period-to-date is available as this is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

N/A Not applicable

**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**

	<b>Unaudited As at 30.06.2020 RM'000</b>	<b>Unaudited As at 30.06.2019 RM'000 <sup>(a)</sup></b>
<b>Approved and contracted for:</b>		
Purchase of well testing equipment	1,511	N/A
<b>Approved but not contracted for:</b>		
Purchase of well testing equipment	10,013	N/A

Notes:

(a) No comparative figures for the preceding year's corresponding quarter and period-to-date is available as this is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

N/A Not applicable

**A12. Contingent Assets and Liabilities**

The Group's contingent liabilities were as follow:

	<b>Unaudited As at 30.06.2020 RM'000</b>	<b>Unaudited As at 30.06.2019 RM'000 <sup>(a)</sup></b>
Bank guarantee for performance	9,997	N/A
Bank guarantee for tenancy agreement	70	N/A
Letter of credit for purchase of well testing equipment	1,264	N/A
	<b>11,331</b>	<b>N/A</b>

Notes:

(a) No comparative figures for the preceding year's corresponding quarter and period-to-date is available as this is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

N/A Not applicable

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**

Save as disclosed in Note B6, there were no changes in the composition of the Group during the current financial quarter and financial period-to-date under review.

**A14. Significant Events after the Reporting Period**

Save as disclosed in Note B6, "Status of Corporate Proposals", 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**

For current financial quarter ended 30 June 2020, the Group registered revenue of RM16.54 million and profit before tax of RM1.18 million. The force majeure and the subsequent suspension of the perforating, wash and cement contract in Mauritania has resulted in the additional expenses incurred by the Group such as offshore allowance, project manager fees and accommodation and flight from the date of the declaration of force majeure up to the full demobilisation of the Group's crews from Mauritania.

Our activities in Malaysia also declined during the current financial quarter due to the movement control order which resulted in reduction of flight frequency between West Malaysia and East Malaysia hence curtailing the mobility of our crews.

**B2. Comparison with Immediate Preceding Quarter's Results**

	<b>Current Quarter 30.06.2020 RM'000</b>	<b>Preceding Quarter 31.03.2020 RM'000</b>	<b>Variance RM'000</b>
Revenue	16,536	22,857	6,321
Profit before taxation	1,181	4,047	2,866

The Group revenue for the current quarter decreased by RM6.32 million to RM16.54 million as compared to the preceding financial quarter of RM22.86 million. The decrease was mainly due to the following factors:

- (a) The suspension of the Group's perforation, wash and cement contract in Mauritania has resulted in the Group not able to derive and recognise any revenue from the said contract other than the warehouse rental for the month of May 2020 and June 2020 totaling approximately RM0.07 million; and
- (b) The movement control order in Malaysia had caused delay in some of the Group's works hence deferment in realisation of the revenue thereof.

**B3. Commentary on Prospects**

The Covid-19 pandemic has caused unprecedented impact and uncertainties to the global economic activities and the Group remains cautious of the challenges ahead.

The Group's contract with Sarawak Shell Berhad ("SSB") for the provision of perforation, wash and cement is deferred to 2021. As such, the Group's performance for the current financial year will be affected by this deferment. However, the impact is mitigated by SSB agreeing to pay the Group for the perforating guns amounting to RM8.0 million and upon payment, the perforating guns will belong to SSB.

Nevertheless, the Group successfully secured a Work Order Award from Petronas Carigali Sdn Bhd in July 2020 to provide 3 perforate, wash and cement jobs for Sepat-9 and Sepat-10 wells. The Group expects the work to be completed in the current financial year and consequently, contribute to the Group's current year financial results.

**B3. Commentary on Prospects (Cont'd)**

Despite the challenges ahead, the Group will continue to undertake and implement its business strategies cautiously to sustain its growth. The Group is cautiously optimistic on the Group's current year performance while remain positive on the Group's long-term potential.

**B4. Profit Forecast**

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

**B5. Income Tax Expenses**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Unaudited 30.06.2020 RM'000	Preceding Year Corresponding Quarter Unaudited 30.06.2019 RM'000 <sup>(b)</sup>	Current Year-To-Date Unaudited 30.06.2020 RM'000	Preceding Year Corresponding Period Unaudited 30.06.2019 RM'000 <sup>(b)</sup>
Income tax	(191)	N/A	668	N/A
Deferred tax	477	N/A	778	N/A
	286	N/A	1,446	N/A
Effective tax rate <sup>(c)</sup>	24.2%	N/A	27.7%	N/A

Notes:

(a) Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the current period.

(b) No comparative figures for the preceding year's corresponding quarter and period-to-date is available as this is the second interim financial report announced in compliance with the Listing Requirements.

(c) The effective tax rate ("ETR") is computed by dividing tax expense by profit before tax for the financial period. The ETR of the Group for the current period were lower than the statutory tax rate mainly due to tax effects from the utilisation of capital allowances and tax losses utilised by its subsidiaries.

N/A Not applicable

**B6. Status of Corporate Proposals**

The Company issued its prospectus on 25 June 2020 in relation to the public issue of 57,126,000 new ordinary shares ("Public Issue") and offer for sale of 31,000,000 at an issue price of RM0.41 per share in conjunction with the Company's listing on the ACE Market of Bursa Securities. Thereafter, the Company's entire enlarged issued share capital of RM45,061,324 comprising of 285,000,000 ordinary shares have been listed on the ACE Market of Bursa Securities on 15 July 2020.

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**B7. 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 RM'000	Estimated Utilisation (from the date of Listing)	Timeframe for
1	Repayment of bank borrowings	5,000	N/A	Within 6 months	
2	Estimated listing expenses	3,500	N/A	Immediate	
3	Capital expenditure	10,000	N/A	Within 24 months	
4	Working capital	4,922	N/A	Within 12 months	
		<b>23,422</b>	<b>N/A</b>		

Notes:

- (1) The utilisation of proceeds as disclosed above should be read in conjunction with the prospectus dated 25 June 2020.
- (2) As at 30 June 2020, the listing exercise of the Company is pending completion. Hence, there is no utilisation of proceeds by the Company yet.
- N/A Not applicable

**B8. Bank Borrowings**

	Unaudited	
	Current Year-To-Date 30.06.2020 RM'000	Preceding Year Corresponding Period 30.06.2019 RM'000 <sup>(a)</sup>
<b>Secured</b>		
Current liabilities:		
Term loans	1,643	N/A
	1,643	N/A
Non-current liability:		
Term loans	10,609	N/A
<b>Non-secured</b>		
Current liabilities:		
Credit cards	46	N/A
Term loans	59	N/A
	105	N/A
Non-current liability:		
Term loans	231	N/A
<b>Total borrowings:</b>		
Credit cards	46	N/A
Term loans	12,542	N/A
	<b>12,588</b>	<b>N/A</b>

Notes:

- (a) No comparative figures for the preceding year's corresponding period is available as this is the second Interim Financial Report announced in compliance with the Listing Requirements.
- N/A Not applicable

**B9. Material Litigation**

With respect to the Group's litigation case between its subsidiary, Reservoir Link Sdn Bhd (RLSB) as plaintiff and Uzma Engineering Sdn Bhd (UESB) as defendant, consent judgement was entered on 18 August 2020 whereby UESB will pay the amount of RM0.74 million in 5 monthly instalments commencing from 31 August 2020.

The Group had also filed another claim through its subsidiary, Amsito Oilwell Services (M) Sdn Bhd against UESB in May 2020 of approximately RM0.07 million. UESB had made full payment on 31 July 2020 and the Notice of Discontinuance was filed on 11 August 2020 to withdraw the suit accordingly.

However, the Group's subsidiary, RLSB, has initiated a new writ and statement of claim against UESB on 14 August 2020 for an amount of approximately RM0.92 million.

**B10. Dividend Proposed**

There were no dividends proposed for the current quarter under review.

**B11. Earnings per Share ("EPS")**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2020 RM	Preceding Year Corresponding Quarter 30.06.2019 <sup>(c)</sup> RM	Current Year- To-Date 30.06.2020 RM	Preceding Year Corresponding Period 30.06.2019 <sup>(c)</sup> RM
(Loss)/ Profit after taxation attributable to owners of the Company (RM'000)	887	N/A	3,609	N/A
Weighted average number of ordinary shares in issue ('000) <sup>(a)</sup>	227,874	N/A	227,874	N/A
Basic EPS attributable to equity holders of the Company (sen) <sup>(b)</sup>	0.39	N/A	1.58	N/A
Diluted EPS (sen) <sup>(b)</sup>	0.39	N/A	1.58	N/A

Notes:

(a) In calculation of EPS for the financial period ended 30 June 2020, it is assumed that 227,873,000 ordinary shares were in issue as at the end of the financial period (prior to the restructuring pursuant to the initial public offering).

(b) The diluted EPS is equal to the basic EPS as the Company does not have any convertible options as at the end of the reporting period.

(c) No comparative figures for the preceding year's corresponding quarter and period-to-date is available as this is the second interim financial report announced in compliance with the Listing Requirements.

N/A Not applicable

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**B12. Profit Before Tax**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Unaudited 30.06.2020 RM'000	Preceding Year Corresponding Quarter Unaudited 30.06.2019 RM'000	Current Year-To-Date Unaudited 30.06.2020 RM'000	Preceding Year Corresponding Period Unaudited 30.06.2019 RM'000 <sup>(a)</sup>
<b>Profit before tax is arrived at after charging/ (crediting):</b>				
Auditors' remuneration				
- under provision in prior year	-	N/A	8	N/A
- current year	-	N/A	-	N/A
Depreciation of property, plant and equipment	609	N/A	1,185	N/A
Depreciation of investment properties	29	N/A	62	N/A
Gain on disposal of property, plant and equipment	-	N/A	(126)	N/A
Interest expenses	221	N/A	445	N/A
Interest income	(67)	N/A	(103)	N/A
Listing expenses	1	N/A	69	N/A
Realised loss on foreign exchange	-	N/A	62	N/A
Realised gain on foreign exchange	(6)	N/A	(6)	N/A
Short term lease expenses	20	N/A	44	N/A
Rental income	(56)	N/A	(122)	N/A
Unrealised gain on foreign exchange	(82)	N/A	(9)	N/A

*Notes:*

(a) No comparative figures for the preceding year's corresponding quarter and period-to-date is available as this is the second Interim Financial Report announced in compliance with the Listing Requirements of Bursa Securities.

N/A Not applicable

**B13. Derivative Financial Instruments**

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

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