



RESERVOIR LINK ENERGY BHD

Company No. : 201401044508 (1120690-K)

(Incorporated in Malaysia)

**Interim Financial Report
For The Financial Period Ended
30 September 2021
(3rd Quarter)**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 ^(a)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited)		(Unaudited)	
	3 months ended		9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
REVENUE	38,189	26,055	78,605	65,448
COST OF SALES	(26,330)	(21,124)	(56,609)	(51,213)
GROSS PROFIT	11,859	4,931	21,996	14,235
OTHER INCOME	630	454	1,191	1,260
	12,489	5,385	23,187	15,495
ADMINISTRATIVE EXPENSES	(3,193)	(3,687)	(8,003)	(8,151)
PROFIT FROM OPERATION	9,296	1,698	15,184	7,344
FINANCE COSTS	(89)	(184)	(330)	(612)
NET IMPAIRMENT LOSSES ON TRADE RECEIVABLES	-	(112)	-	(102)
NET PROFIT BEFORE TAXATION	9,207	1,402	14,854	6,630
INCOME TAX EXPENSES	(2,712)	(774)	(4,357)	(2,220)
NET PROFIT AFTER TAXATION	6,495	628	10,497	4,410
OTHER COMPREHENSIVE INCOME				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences	(0)	(1)	(0)	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	6,495	627	10,497	4,410
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Group	5,839	630	9,887	4,239
Non-controlling interests	656	(2)	610	171
	6,495	628	10,497	4,410
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
Owners of the Group	5,839	629	9,887	4,239
Non-controlling interests	656	(2)	610	171
	6,495	627	10,497	4,410
EARNING PER SHARE (SEN)				
Basic ^(b)	2.04	0.22	3.46	1.49
Diluted ^(c)	1.64	0.22	2.77	1.49

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 2020 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 warrants issued are fully exercised and converted into ordinary shares.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021 ^(a)

	(Unaudited) As at 30.09.2021 RM'000	(Audited) As at 31.12.2020 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	26,584	22,805
Investment properties	5,078	5,166
Right-of-use assets	526	722
Other receivables	154	154
Deferred tax assets	1,299	3,507
Goodwill	15,867	-
	<u>49,508</u>	<u>32,354</u>
CURRENT ASSETS		
Inventories	21,132	13,197
Trade receivables	7,859	5,457
Other receivables, deposits and prepayments	1,748	1,549
Short-term investments	10,298	27,243
Fixed deposits with licensed banks	3,562	3,414
Cash and bank balances	17,133	1,896
	<u>61,732</u>	<u>52,756</u>
TOTAL ASSETS	<u>111,240</u>	<u>85,110</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	47,968	45,082
Foreign exchange translation reserve	886	886
Retained profits	41,014	32,579
Merger deficit	(15,779)	(15,779)
	<u>74,089</u>	<u>62,768</u>
Non-controlling interests	1,272	(55)
TOTAL EQUITY	<u>75,361</u>	<u>62,713</u>
NON-CURRENT LIABILITIES		
Bank borrowings	6,390	7,006
Lease liabilities	140	380
Deferred tax liabilities	646	424
Deferred Consideration	5,214	-
	<u>12,390</u>	<u>7,810</u>
CURRENT LIABILITIES		
Bank borrowings	815	788
Lease liabilities	408	360
Trade payables	11,337	1,615
Other payables and accruals	7,024	10,940
Amount owing to director	2,365	-
Provision for taxation	1,540	884
	<u>23,489</u>	<u>14,587</u>
TOTAL LIABILITIES	<u>35,879</u>	<u>22,397</u>
TOTAL EQUITY AND LIABILITIES	<u>111,240</u>	<u>85,110</u>
Net asset per share (RM)	0.26^(b)	0.25^(c)

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 2020 and the accompanying explanatory notes attached to this interim financial report.

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- (b) *Based on the Company's weighted number of ordinary shares in issue of 285,737,967 shares as at the end of the financial period .*
- (c) *Based on the Company's weighted number of ordinary shares in issue of 254,323,969 shares as at the end of the financial year.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

(a)

	Share Capital	Merger Deficit	Non-distributable Foreign Exchange Translation Reserve	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
Balance at 01.01.2021	45,082	(15,779)	886	32,579	62,768	(55)	62,713
Contributions by and distribution to owners of the Company:-							
- Issuance of ordinary shares	2,886	-	-	-	2,886	-	2,886
- Acquisition of subsidiaries in business combination under common control	-	-	-	-	-	637	637
'- Changes in a subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	80	80
- Dividends	-	-	-	(1,452)	(1,452)	-	(1,452)
Total transaction with owners	2,886	-	-	(1,452)	1,434	717	2,151
Profit after taxation for the financial year	-	-	-	9,887	9,887	610	10,497
Other comprehensive income for the financial period:	-	-	-	-	-	-	-
Foreign exchange translation difference	-	-	(0)	-	(0)	-	(0)
Balance at 30.09.2021	47,968	(15,779)	886	41,014	74,089	1,272	75,361

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 2020 and the accompanying explanatory notes are an integral part of this interim financial report.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 ^(a)

	(Unaudited) Cumulative Year To Date 30.09.2021 RM'000	(Unaudited) Corresponding Year To Date 30.09.2020 RM'000
<u>Cash Flows from operating activities</u>		
Profit before tax	14,854	6,630
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	2,192	1,860
Depreciation of investment properties	88	91
Depreciation of right-of-use assets	296	-
Loss/(gain) on disposal of property, plant and equipment	6	(140)
Loss/(Gain) arising on acquisition of subsidiary	-	14
Finance costs	330	612
Interest income	(372)	(311)
Unrealised loss/(gain) on foreign exchange	25	98
Property, plant and equipment written off	15	-
Allowance for impairment losses on trade receivable	-	112
Reversal of allowance for impairment losses on receivable	-	(10)
Operating profit before working capital changes	17,434	8,956
Increase in inventories	(7,935)	(2,230)
Increase in trade and other receivables	5,096	5,796
Increase in trade and other payables	(3,371)	639
Decrease/(increase) in amount owing to directors	2,365	(55)
Cash from operations	13,590	13,106
Interest expenses paid	(330)	(612)
Income tax paid	(1,271)	(1,743)
Net cash from operating activities	11,989	10,751
<u>Cash flows for investing activities</u>		
Acquisition of a subsidiary, net of cash & cash equivalents acquired	(8,464)	(5)
Interest income received	372	311
Purchase of property, plant and equipment	(6,074)	(4,976)
Proceeds from disposal of property, plant and equipment	82	194
Proceeds from disposal of investment property	-	1,225
(Increase)/decrease in money market fund	16,946	(33,143)
(Increase)/decrease in fixed deposits with licensed banks pledged to licensed banks	(148)	(479)
Net cash for investing activities	2,713	(36,873)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 ^(a)

	(Unaudited) Cumulative Year To Date 30.09.2021 RM'000	(Unaudited) Corresponding Year To Date 30.09.2020 RM'000
Cash flows for financing activities		
Proceeds from issuance of ordinary shares	1,380	22,295
Proceeds from issuance of pink form shares	-	902
Drawdown of term loans	-	2,923
Repayment of credit cards facilities	(8)	(20)
Repayment of term loans	(398)	(824)
Repayment of lease liabilities	(439)	-
Net cash for financing activities	535	25,276
Net decrease in cash and cash equivalents	15,237	(846)
Cash and cash equivalents at beginning of the financial period	1,896	2,388
Effect of foreign exchange translation	-	13
Cash and cash equivalents at end of the financial period	17,133	1,555
Cash and cash equivalents comprise the followings:		
Fixed deposits with licensed banks	3,562	4,037
Cash and bank balances	17,133	1,555
Less: Fixed deposits with licensed banks more than 3 months	(3,562)	(4,037)
	17,133	1,555

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 2020 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 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 in the audited financial statements of the Group for the financial year ended 31 December 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 2021 that are applicable and adopted by the Group are as follows:

Amendments to MFRS 16	COVID-19 Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, MFRS 16	Interest Rate Benchmark Reform – Phase 2

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 April 2021:**
 - Amendments to MFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021
- ii. Financial year beginning on or after 1 January 2022:**
 - 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 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
- iii. 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

- iv. **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 2020 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.

The Board of Directors has proposed a single tier interim dividend of 0.5 sen per share in respect of the financial year ending 31 December 2021 and was paid on 15 October 2021.

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A9. Segmental Reporting

The Group's segment information for the current financial period ended 30 September 2021 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	Corresponding Quarter		
	30.09.2021	30.09.2020		
	RM'000	RM'000	RM'000	%
O&G Well Services	31,795	25,989	5,806	22%
Well leak repair	2,120	2,716	(596)	(22%)
Well perforation	20,615	14,789	5,826	39%
Well testing	169	3,545	(3,376)	(95%)
Wash and cement	6,214	3,518	2,696	77%
Wireline services	45	302	(257)	(85%)
O&G production enhancement	2,632	1,119	1,513	>100%
Renewal Energy	6,376	N/A	N/A	N/A
Other Services	18	66	(48)	(73%)
Total	38,189	26,055	5,758	22%

Gross Profit	(Unaudited)	(Unaudited)	Variance	Variance
	Current Quarter	Corresponding Quarter		
	30.09.2021	30.09.2020		
	RM'000	RM'000	RM'000	%
O&G Well Services	11,076	4,886	6,190	>100%
Well leak repair	680	982	(302)	(31%)
Well perforation	7,974	3,219	4,755	>100%
Well testing	(365)	321	(686)	>(100%)
Wash and cement	1,383	174	1,209	>100%
Wireline services	(79)	(139)	60	(43%)
O&G production enhancement	1,483	329	1,154	>100%
Renewal Energy	792	N/A	N/A	N/A
Other Services	(9)	45	(54)	>(100%)
Total	11,859	4,931	6,136	>100%

(II) The Results of the Cumulative Quarter Compared to the Results of the Corresponding Quarter

Revenue	(Unaudited) Cumulative Quarter 30.09.2021 RM'000	(Unaudited) Correspondence Quarter 30.09.2020 RM'000	Variance RM'000	Variance %
O&G Well Services	72,212	65,084	7,128	11%
Well leak repair	8,295	9,662	(1,367)	(14%)
Well perforation	34,801	29,619	5,182	17%
Well testing	205	6,228	(6,023)	(97%)
Wash and cement	24,725	14,989	9,736	65%
Wireline services	89	1,176	(1,087)	(92%)
O&G production enhancement	4,097	3,410	687	20%
Renewal Energy	6,376	N/A	N/A	N/A
Other Services	17	364	(347)	(95%)
Total	78,605	65,448	6,781	10%

Gross Profit	(Unaudited) Cumulative Quarter 30.09.2021 RM'000	(Unaudited) Correspondence Quarter 30.09.2020 RM'000	Variance RM'000	Variance %
O&G Well Services	21,213	14,116	7,097	50%
Well leak repair	2,331	4,393	(2,062)	(47%)
Well perforation	11,714	6,953	4,761	68%
Well testing	(1,097)	(9)	(1,088)	>100%
Wash and cement	6,744	1,758	4,986	>100%
Wireline services	(240)	(288)	48	(17%)
O&G production enhancement	1,761	1,309	452	35%
Renewal Energy	792	N/A	N/A	N/A
Other Services	(9)	119	(128)	>(100%)
Total	21,996	14,235	6,969	49%

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

Revenue	(Unaudited) Current Quarter 30.09.2021 RM'000	(Unaudited) Preceding Quarter 30.06.2021 RM'000	Variance RM'000	Variance %
O&G Well Services	31,795	28,533	3,262	11%
Well leak repair	2,120	3,673	(1,553)	(42%)
Well perforation	20,615	10,043	10,572	>10%
Well testing	169	-	169	0%
Wash and cement	6,214	13,718	(7,504)	(55%)
Wireline services	45	44	1	3%
O&G production enhancement	2,632	1,055	1,577	>100%
Renewal Energy	6,376	N/A	N/A	N/A
Other Services	18	-	18	0%
Total	38,189	28,533	3,280	11%

Gross Profit	(Unaudited) Current Quarter 30.09.2021 RM'000	(Unaudited) Preceding Quarter 30.06.2021 RM'000	Variance RM'000	Variance %
O&G Well Services	11,076	7,638	3,437	45%
Well leak repair	680	595	84	14%
Well perforation	7,974	3,122	4,852	>100%
Well testing	(365)	(396)	31	(8%)
Wash and cement	1,383	4,082	(2,699)	(66%)
Wireline services	(79)	(43)	(36)	83%
O&G production enhancement	1,483	278	1,205	>100%
Renewal Energy	792	N/A	N/A	N/A
Other Services	(9)	-	(9)	0%
Total	11,859	7,638	3,428	45%

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 30.09.2021 RM'000	(Unaudited) As at 30.09.2020 RM'000
Approved and contracted for:		
Purchase of equipment	3,245	24
Approved but not contracted for:		
Purchase of equipment	2,471	10,013

A12. Contingent Assets and Liabilities

The Group's contingent liabilities were as follow:

	(Unaudited) As at 30.09.2021 RM'000	(Unaudited) As at 30.09.2020 RM'000
Bank guarantee for performance	7,567	9,820
Bank guarantee for tenancy agreement	86	86
	-	
	7,653	9,906

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

- i The Company had on 13 January 2021 incorporated a 100% owned subsidiary company in Malaysia with the name RL Healthcare Sdn. Bhd. (202101001506) with total issued and paid up share capital of RM2 comprising of 2 ordinary shares. The intended principal activity of RL Healthcare Sdn. Bhd. is to engage in the business of trading and investment holding;
- ii Reservoir Link Renewable Sdn. Bhd., a wholly-owned subsidiary of the Group, had on 29 March 2021 incorporated a 100% owned subsidiary company in Malaysia with the name RL Sigma Engineering Sdn. Bhd. (202101011322) with total issued and paid up share capital of RM2 comprising of 2 ordinary shares. The intended principal activity of RL Sigma Engineering Sdn. Bhd. is to engage in the business of renewable energy and related services.
- iii As announced on 25 August 2021, the acquisition of 51% equity interest in Founder Energy Sdn Bhd (“**Founder**”) was completed on even date. As such Founder has become a subsidiary company of the Group.

Save as disclosed above, there were no changes in the composition of the Group.

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 30.09.2021 RM'000	(Unaudited) Corresponding Quarter 30.09.2020 RM'000	Variance RM'000	Variance %
Revenue	38,189	26,055	12,134	47%
Profit before taxation (“PBT”)	9,207	1,402	7,805	>100%

For the current financial quarter ended 30 September 2021, the Group registered revenue of RM38.2 million. The Group revenue increased by RM12.1 million or 47% as compared to previous year corresponding quarter ended 30 September 2020. The increase in revenue was mainly due to recognition of mobilisation fees for Mauritania project. In addition, the newly acquired subsidiary Founder has contributed revenue of RM6.4 million in CQ. In line with the increase in revenue, the PBT has also increased accordingly.

(b) Year-to-Date Current Year (“YTDCY”) vs Year-to-Date Previous Year (“YTDPY”).

	(Unaudited) Cumulative Year-to-Date 30.09.2021 RM'000	(Unaudited) Corresponding Year-to-Date 30.09.2020 RM'000	Variance RM'000	Variance %
Revenue	78,605	65,448	13,157	20%
PBT	14,854	6,630	8,224	>100%

For the YTDCY the Group recorded revenue of RM78.6 million. The Group revenue increased by RM13.2 million or 20% as compared to YTDPY. The increase in revenue was due to the revenue recognition of Mauritania project and maiden revenue contribution from Founder. In line with the increase in revenue, the Group’s PBT increased by RM8.2 million accordingly.

(c) CQ vs Previous Quarter (“PQ”).

	(Unaudited) Current Quarter 30.09.2021 RM'000	(Unaudited) Previous Quarter 30.06.21 RM'000	Variance RM'000	Variance %
Revenue	38,189	28,533	9,656	34%
PBT	9,207	5,335	3,872	73%

The Group revenue for the CQ increased RM9.7 million to RM38.2 million as compared to the PQ. The increase in revenue is due to the reason as discussed in note B1(a) above.

The Group’s PBT increased by RM3.9 million in CQ. The increase in PBT was in line with the increase in revenue in CQ.

B2. Commentary on Prospects

The Covid-19 pandemic continues to cause unprecedented impact and uncertainties to the global economic activities. Different stages of movement control order (“MCO”) have been re-enforced in Malaysia to contain the spread of the Covid-19 virus. In Europe, the major economies like Germany, France, UK, Italy, Spain, have introduced various movement restriction measures, such as lockdowns and curfews, to curb the spread of the Covid-19 virus. Consequently, there was / may be disruption and delay in some of the works in Malaysia and Mauritania.

Recognising the health risk posed by the Covid-19 pandemic, the Group has taken various measures to minimise its employees’ exposure to the Covid-19 by implementing several measures such as encouraging employees to work from home, ensure social distancing, wearing face mask at workplace as well as in public places and practicing self hygiene at all time. Besides, the Group continues its effort to constantly evaluate its operational efficiencies and proactively taking pre-emptive and counter measures to manage its cost while maintaining its service quality to its clients.

Despite the economic slowdown and soft oil and gas industry activities due to the outbreak of Covid-19 at the beginning of 2020, 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 until 10 December 2025 unless terminated in accordance with the terms of the appointment;
- (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);

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- (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 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.

Further, the completion of acquisition of Founder, as disclosed in note B5, 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 2021.

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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) Current Quarter Ended 3 months 30.09.2021 RM'000	(Unaudited) Corresponding Quarter Ended 3 months 30.09.2020 RM'000	(Unaudited) Current Year To Date 9 months 30.09.2021 RM'000	(Unaudited) Corresponding Year To Date 9 months 30.09.2020 RM'000
Income tax	2,447	814	4,092	1,482
Deferred tax	265	(40)	265	738
	<u>2,712</u>	<u>774</u>	<u>4,357</u>	<u>2,220</u>
Effective tax rate ^(b)	29.5%	55.2%	29.3%	33.5%

Notes:

- (a) Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the current period.
- (b) The effective tax rate (“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) Bonus Issue of Warrants and Employees’ Share Option Scheme

On 4 February 2021, the Company announced the following:

- (i) proposed bonus issue of up to 71,250,000 free warrants in the Company on the basis of one (1) free warrant for every four (4) existing ordinary shares in the Company held on an entitlement date to be determined and announced later (“**Bonus Issue of Warrants**”); and
- (ii) proposed establishment of an employees’ share option scheme (“**ESOS**”) involving up to 30% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the ESOS for eligible directors and employees of the Group (excluding dormant subsidiaries).

The Bonus Issue of Warrants was completed on 6 May 2021.

The effective date for the implementation of the ESOS was 28 July 2021.

(b) Proposed Acquisition

As announced on 12 April 2021, RLEB had entered into a conditional term sheet with Lee Seng Chi (“Vendor”). The term sheet expresses the parties’ mutual intention to enter into a shares sale agreement (“SSA”) for the proposed acquisition by RLEB of such number of shares representing 51% equity interest in a new special purpose vehicle to be incorporated by the Vendor for the purpose of the parties’ joint co-operation to undertake solar renewable energy projects in Malaysia.

As announced on 11 June 2021, RLEB had entered into the SSA with the Vendor for the proposed acquisition by RLEB of 51% equity interest in Founder (“Proposed Acquisition”).

As announced on 25 August 2021, the Proposed Acquisition was completed on 25 August 2021. As such Founder has become a subsidiary company of the Group.

(c) 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”); 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 a meeting of members will be conducted on 19 November 2021.

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	Actual Utilisation up to 30 September 2021	Transfer	Balance Unutilised	Estimated Timeframe for Utilisation (from the date of Listing)
		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	(3,205)	(295) ⁽²⁾	-	Immediate
3	Capital expenditure	10,000	(5,138)	-	4,862	Within 24 months
4	Working capital	4,922	(5,217)	295 ⁽²⁾	-	Within 12 months
		23,422	(18,560)	-	4,862	

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.

B7. Bank Borrowings

	Unaudited	
	As at 30.09.2021 RM'000	As at 30.09.2020 RM'000
<u>Secured</u>		
Current liabilities:		
Term loans	703	1,866
	703	1,866
Non-current liability:		
Term loans	6,262	11,422
<u>Non-secured</u>		
Current liabilities:		
Credit cards	26	11
Term loans	86	81
	112	92
Non-current liability:		
Term loans	128	215
Total borrowings:		
Credit cards	26	11
Term loans	7,179	13,584
	7,205	13,595

B8. Material Litigation

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

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B9. Earnings per Share (“EPS”)

(a) Basic	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited)		(Unaudited)	
	3 months ended		9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit after taxation attributable to owners of the Company (RM'000)	5,839	630	9,887	4,239
Weighted average number of ordinary shares in issue ('000)	285,738	285,000	285,738	285,000
Basic EPS attributable to equity holders of the Company (sen) ^(a)	2.04	0.22	3.46	1.49
(b) Diluted	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited)		(Unaudited)	
	3 months ended		9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
(Loss)/ Profit after taxation attributable to owners of the Company (RM'000)	5,839	630	9,887	4,239
Weighted average number of ordinary shares in issue ('000)	285,738	N/A	285,738	N/A
Number of potential shares to be issued ('000) arising from the exercise of warrants.	71,250	N/A	71,250	N/A
Diluted EPS (sen) ^(b)	1.64	N/A	2.77	N/A

Notes:

- (a) The basic 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 EPS 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		9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- under provision in prior year	-	-	-	8
Depreciation of property, plant and equipment	822	675	2,192	1,860
Depreciation of investment properties	30	29	88	91
Depreciation of right-of-use assets	99	-	296	-
Gain on disposal of property, plant and equipment	-	(50)	-	(176)
Finance costs	90	184	330	612
Interest income	(96)	(208)	(372)	(311)
Impairment on trade receivables	-	112	-	112
Reversal of impairment loss on trade receivables	-	-	-	(10)
Listing expenses	-	1,053	-	1,122
Loss on disposal of plant and equipment	-	36	6	36
Property, Plant & Equipment Written Off	-	-	15	-
Realised loss/(gain) on foreign exchange	(276)	(106)	(387)	(49)
Short term lease expenses	49	21	96	65
Rental income	(65)	(67)	(199)	(189)
Unrealised loss/(gain) on foreign exchange	24	107	25	98

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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