



**RESERVOIR LINK ENERGY BHD**

Company No. : 201401044508 (1120690-K)

(Incorporated in Malaysia)

**Interim Financial Report  
For The Financial Period Ended  
30 June 2023  
(6th Quarter)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX QUARTER ENDED 30 JUNE 2023 <sup>(b)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended 30.06.2023 RM'000	3 months ended 30.06.2022 RM'000	18 months ended 30.06.2023 RM'000	12 months ended 31.12.2021 RM'000
REVENUE	51,790	17,169	194,240	112,442
COST OF SALES	(43,350)	(14,720)	(164,735)	(83,232)
<b>GROSS PROFIT</b>	<b>8,440</b>	<b>2,449</b>	<b>29,505</b>	<b>29,210</b>
OTHER INCOME	806	593	2,297	1,160
	9,246	3,042	31,802	30,370
AMORTISATION OF INTANGIBLE ASSET	-	-	-	(1,564)
ADMINISTRATIVE EXPENSES	(6,008)	(3,560)	(25,243)	(11,352)
<b>PROFIT/(LOSS) FROM OPERATION</b>	<b>3,238</b>	<b>(518)</b>	<b>6,559</b>	<b>17,454</b>
FINANCE COSTS	(664)	(232)	(1,996)	(424)
IMPAIRMENT LOSSES ON TRADE RECEIVABLES/CONTRACT ASSETS	(681)	-	(920)	-
FAIR VALUE GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH LOSS OR PROFIT	(120)	(2,250)	(120)	-
SHARE OF RESULTS OF A JOINT VENTURE (NET OF TAX)	(100)	-	(166)	-
<b>NET PROFIT/(LOSS) BEFORE TAXATION</b>	<b>1,673</b>	<b>(3,000)</b>	<b>3,357</b>	<b>17,030</b>
INCOME TAX EXPENSES	261	(171)	(1,563)	(4,919)
<b>NET PROFIT/(LOSS) AFTER TAXATION</b>	<b>1,934</b>	<b>(3,171)</b>	<b>1,794</b>	<b>12,111</b>
OTHER COMPREHENSIVE INCOME				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences	198	(3)	198	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD</b>	<b>2,132</b>	<b>(3,174)</b>	<b>1,992</b>	<b>12,111</b>
<b>PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-</b>				
Owners of the Group	1,393	(3,316)	(893)	10,758
Non-controlling interests	541	145	2,687	1,353
	1,934	(3,171)	1,794	12,111
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:-</b>				
Owners of the Group	1,560	(3,318)	(728)	10,758
Non-controlling interests	572	144	2,720	1,353
	2,132	(3,174)	1,992	12,111
<b>EARNING/ (LOSS) PER SHARE (SEN)</b>				
<sup>(c)</sup>				
Basic <sup>(d)</sup>	0.48	(1.14)	(0.31)	3.76
Diluted <sup>(d)</sup>	0.39	(0.92)	(0.25)	3.01

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### 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 30 JUNE 2023 <sup>(b)</sup>**

	Unaudited As At 30.06.2023 RM'000	Audited As At 31.12.2021 RM'000
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	34,711	29,453
Investment properties	4,874	5,049
Right-of-use assets	404	663
Other receivables	-	134
Deferred tax assets	1,271	1,192
Joint Venture	1,160	-
Goodwill	13,973	13,973
	<u>56,393</u>	<u>50,464</u>
<b>CURRENT ASSETS</b>		
Inventories	9,327	7,634
Trade receivables	36,095	13,847
Other receivables, deposits and prepayments	13,460	1,827
Amount owing by related parties	-	3,262
Amount owing by joint venture	911	-
Tax recoverable	2,068	633
Contract Assets	28,239	2,790
Short-term investments	693	5,031
Fixed deposits with licensed banks	7,139	3,630
Cash and bank balances	6,071	13,491
	<u>104,003</u>	<u>52,145</u>
<b>TOTAL ASSETS</b>	<b><u>160,396</u></b>	<b><u>102,609</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	47,968	47,968
Treasury Shares	(505)	-
Foreign exchange translation reserve	1,051	886
Retained profits	40,991	41,884
Contingent consideration	3,910	3,910
Merger deficit	(15,779)	(15,779)
	<u>77,636</u>	<u>78,869</u>
Non-controlling interests	5,795	2,615
<b>TOTAL EQUITY</b>	<b><u>83,431</u></b>	<b><u>81,484</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowings	9,755	6,186
Lease liabilities	169	228
Deferred tax liabilities	171	1,276
	<u>10,095</u>	<u>7,690</u>
<b>CURRENT LIABILITIES</b>		
Bank borrowings	18,840	842
Lease liabilities	241	460
Trade payables	41,366	9,564
Other payables and accrual	5,793	2,022
Provision for taxation	630	547
	<u>66,870</u>	<u>13,435</u>
<b>TOTAL LIABILITIES</b>	<b><u>76,965</u></b>	<b><u>21,125</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>160,396</u></b>	<b><u>102,609</u></b>
<b>Net asset per share <sup>(b)</sup> (RM)</b>	<b>0.29</b>	<b>0.28</b>

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### 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 SIX QUARTER ENDED 30 JUNE 2023 <sup>(b)</sup>**

	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
<b>Balance at 01.01.2022</b>	47,968	-	(15,779)	886	3,910	41,884	78,869	2,615	81,484
Contributions by and distribution to owners of the Company:-									
- Issuance of ordinary shares	-	-	-	-	-	-	-	-	-
- Acquisition of a subsidiary	-	-	-	-	-	-	-	460	460
- Purchase of treasury shares	-	(505)	-	-	-	-	(505)	-	(505)
Total transaction with owners	-	(505)	-	-	-	-	(505)	460	(45)
Profit after taxation for the financial year	-	-	-	-	-	(893)	(893)	2,687	1,794
Other comprehensive income for the financial period:									
Foreign exchange translation difference	-	-	-	165	-	-	165	33	198
<b>Balance at 30.06.2023</b>	<b>47,968</b>	<b>(505)</b>	<b>(15,779)</b>	<b>1,051</b>	<b>3,910</b>	<b>40,991</b>	<b>77,636</b>	<b>5,795</b>	<b>83,431</b>

*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 SIX QUARTER ENDED 30 JUNE 2023 <sup>(b)</sup>**

	(Unaudited)	(Audited)
	Year To Date	Year To Date
	30.06.2023	31.12.2021
	RM'000	RM'000
<b><u>Cash Flows from/(for) operating activities</u></b>		
Profit before tax	3,357	17,030
<b><u>Adjustments for:</u></b>		
Bad debts written off	134	-
Amortisation of intangible asset	-	1,564
Allowance for impairment losses on trade receivables	920	-
Depreciation of property, plant and equipment	6,170	2,963
Depreciation of investment properties	175	117
Depreciation of right-of-use assets	691	441
Fair value loss/(gain) on short-term investments	120	(357)
Loss/(gain) on disposal of property, plant and equipment	(167)	6
Interest expenses	1,996	424
Interest income	(256)	(423)
Property, plant and equipment written off	226	157
Share of net loss on equity accounted for joint ventures	166	-
Unrealised loss/(gain) on foreign exchange	(128)	36
	<b>13,403</b>	<b>21,960</b>
<b>Operating (loss)/profit before working capital changes</b>		
(Increase)/Decrease in inventories	(1,693)	23,620
(Increase)/Decrease in receivables	(34,772)	(9,536)
Increase/(Decrease) in payables	36,181	(17,309)
Increase/(Decrease) in contract assets	(25,918)	(2,790)
Increase/(Decrease) in related parties	3,262	(3,262)
(Increase)/Decrease in amount owing by joint ventures	(911)	-
<b>Cash (for)/from operations</b>	<b>(10,447)</b>	<b>12,684</b>
Interest expenses paid	(1,996)	(424)
Income tax paid	(4,833)	(3,097)
Income tax refunded	734	-
<b>Net cash (for)/from operating activities</b>	<b>(16,542)</b>	<b>9,163</b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX QUARTER ENDED 30 JUNE 2023 <sup>(b)</sup>**

	(Unaudited)	(Audited)
	Year To Date	Year To Date
	30.06.2023	31.12.2021
	RM'000	RM'000
<b>Cash flows from/(for) investing activities</b>		
Net cash inflow/(outflow) on acquisition of subsidiary	-	(8,464)
Incorporation of new subsidiary	(2,606)	-
Increased in non-controlling interest	-	80
Interest income received	256	423
Purchase of property, plant and equipment	(10,340)	(9,382)
Purchase of joint ventures	(1,326)	-
Proceeds from disposal of property, plant and equipment	171	78
(Increase)/Decrease in short-term investments	4,222	22,569
(Increase)/Decrease in pledged fixed deposits with licensed banks	(3,509)	(216)
<b>Net cash (for)/from investing activities</b>	<b>(13,132)</b>	<b>5,087</b>
<b>Cash flows from/(for) financing activities</b>		
Dividend paid	(889)	(1,452)
Net drawdown/(repayment) of borrowings	16,627	(777)
Net proceeds from issuance of ordinary shares	3,066	-
Net increase/(decrease) in credit card facility	1	12
Purchase of treasury shares	(505)	-
Repayment of lease liabilities	(706)	(435)
<b>Net cash from/(for) financing activities</b>	<b>17,594</b>	<b>(2,654)</b>
Net decrease in cash and cash equivalents	(12,080)	11,596
Cash and cash equivalents at beginning of the financial period	13,491	1,896
Effect of foreign exchange translation	199	(0)
Cash and cash equivalents at end of the financial period	1,610	13,491
<b>Cash and cash equivalents comprise the followings:</b>		
Fixed deposits with licensed banks	7,139	3,630
Cash and bank balances	6,071	13,491
Cash and cash equivalents as reported in the Statement of Financial Position	13,210	17,121
Less: Fixed deposits with licensed banks more than 3 months	(7,139)	(3,630)
Less: Bank overdrafts	(4,460)	-
	1,610	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.*

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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 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 30 June 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		
	30.06.2023	30.06.2022		
	RM'000	RM'000	RM'000	%
<b>O&amp;G Well Services</b>	<b>12,961</b>	<b>7,589</b>	<b>5,372</b>	<b>71%</b>
Well leak repair	2,556	2,433	123	5%
Well perforation	5,975	4,766	1,209	25%
Well testing	72	-	72	0%
Wash and cement	545	-	545	0%
Wireline services	2,216	-	2,216	0%
O&G production enhancement	1,597	390	1,207	>100%
<b>Renewable Energy</b>	<b>38,476</b>	<b>9,380</b>	<b>29,096</b>	<b>&gt;100%</b>
<b>Other Services</b>	<b>353</b>	<b>200</b>	<b>153</b>	<b>77%</b>
<b>Total</b>	<b>51,790</b>	<b>17,169</b>	<b>34,621</b>	<b>&gt;100%</b>

Gross Profit	(Unaudited)	(Unaudited)	Variance	Variance
	Current Quarter	Correspondence Quarter		
	30.06.2023	30.06.2022		
	RM'000	RM'000	RM'000	%
<b>O&amp;G Well Services</b>	<b>3,349</b>	<b>1,296</b>	<b>2,053</b>	<b>&gt;100%</b>
Well leak repair	1,003	633	370	58%
Well perforation	1,568	1,893	(325)	(17%)
Well testing	(1,041)	(586)	(455)	78%
Wash and cement	27	-	27	0%
Wireline services	1,512	(484)	1,996	>(100%)
O&G production enhancement	280	(160)	440	>(100%)
<b>Renewable Energy</b>	<b>5,282</b>	<b>1,146</b>	<b>4,136</b>	<b>&gt;100%</b>
<b>Other Services</b>	<b>(191)</b>	<b>7</b>	<b>(198)</b>	<b>&gt;(100%)</b>
<b>Total</b>	<b>8,440</b>	<b>2,449</b>	<b>5,991</b>	<b>&gt;100%</b>

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

<b>Revenue</b>	<b>(Unaudited) Current Quarter 30.06.2023 RM'000</b>	<b>(Unaudited) Preceding Quarter 31.03.2023 RM'000</b>	<b>Variance RM'000</b>	<b>Variance %</b>
<b>O&amp;G Well Services</b>	<b>12,961</b>	<b>13,883</b>	<b>(922)</b>	<b>(7%)</b>
Well leak repair	2,556	2,248	308	14%
Well perforation	5,975	2,492	3,483	>100%
Well testing	72	5,720	(5,648)	(99%)
Wash and cement	545	-	545	0%
Wireline services	2,216	900	1,316	>100%
O&G production enhancement	1,597	2,523	(926)	(37%)
<b>Renewable Energy</b>	<b>38,476</b>	<b>30,872</b>	<b>7,604</b>	<b>25%</b>
<b>Other Services</b>	<b>353</b>	<b>197</b>	<b>156</b>	<b>79%</b>
<b>Total</b>	<b>51,790</b>	<b>44,952</b>	<b>6,838</b>	<b>15%</b>

<b>Gross Profit</b>	<b>(Unaudited) Current Quarter 30.06.2023 RM'000</b>	<b>(Unaudited) Preceding Quarter 31.03.2023 RM'000</b>	<b>Variance RM'000</b>	<b>Variance %</b>
<b>O&amp;G Well Services</b>	<b>3,349</b>	<b>3,744</b>	<b>(395)</b>	<b>(11%)</b>
Well leak repair	1,003	855	148	17%
Well perforation	1,568	565	1,003	>100%
Well testing	(1,041)	1,704	(2,745)	>(100%)
Wash and cement	27	-	27	0%
Wireline services	1,512	248	1,264	>100%
O&G production enhancement	280	372	(92)	(25%)
<b>Renewable Energy</b>	<b>5,282</b>	<b>2,777</b>	<b>2,505</b>	<b>90%</b>
<b>Other Services</b>	<b>(191)</b>	<b>(250)</b>	<b>59</b>	<b>(24%)</b>
<b>Total</b>	<b>8,440</b>	<b>6,271</b>	<b>2,169</b>	<b>35%</b>

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

<b>Revenue</b>	<b>(Unaudited) Cumulative Quarter 30.06.2023 RM'000</b>	<b>(Audited) Correspondence Quarter 31.12.2021 RM'000</b>	<b>Variance RM'000</b>	<b>Variance %</b>
<b>O&amp;G Well Services</b>	<b>59,996</b>	<b>87,278</b>	<b>(27,282)</b>	<b>(31%)</b>
Well leak repair	15,135	11,823	3,312	28%
Well perforation	20,371	39,621	(19,250)	>(49%)
Well testing	9,117	617	8,500	>100%
Wash and cement	545	26,699	(26,154)	(98%)
Wireline services	4,009	249	3,760	>100%
O&G production enhancement	10,819	8,269	2,550	31%
<b>Renewable Energy</b>	<b>132,863</b>	<b>24,905</b>	<b>107,958</b>	<b>&gt;100%</b>
<b>Other Services</b>	<b>1,381</b>	<b>259</b>	<b>1,122</b>	<b>&gt;100%</b>
<b>Total</b>	<b>194,240</b>	<b>112,442</b>	<b>81,798</b>	<b>73%</b>

<b>Gross Profit</b>	<b>(Unaudited) Cumulative Quarter 30.06.2023 RM'000</b>	<b>(Audited) Correspondence Quarter 31.12.2021 RM'000</b>	<b>Variance RM'000</b>	<b>Variance %</b>
<b>O&amp;G Well Services</b>	<b>13,495</b>	<b>26,078</b>	<b>(12,583)</b>	<b>(48%)</b>
Well leak repair	5,552	3,719	1,833	49%
Well perforation	5,855	13,358	(7,503)	(56%)
Well testing	(381)	(1,303)	922	(71%)
Wash and cement	27	6,828	(6,801)	(100%)
Wireline services	800	(321)	1,121	>(100%)
O&G production enhancement	1,642	3,797	(2,155)	(57%)
<b>Renewable Energy</b>	<b>17,040</b>	<b>3,161</b>	<b>13,879</b>	<b>&gt;100%</b>
<b>Other Services</b>	<b>(1,030)</b>	<b>(29)</b>	<b>(1,001)</b>	<b>&gt;100%</b>
<b>Total</b>	<b>29,505</b>	<b>29,210</b>	<b>295</b>	<b>1%</b>

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**(IV) Assets as at 30 June 2023 and 2021**

Segment Assets	As at 30/06/2023	As at 31/12/2021
	RM'000	RM'000
Investment holding	51,279	52,814
Oil and gas related activities	81,324	72,817
Renewable energy related activities	68,729	11,216
Others activities	25,683	55
Consolidation adjustments	(68,690)	(34,293)
Segment assets	158,325	102,609
Joint venture	2,071	-
<b>Total assets</b>	<b>160,396</b>	<b>102,609</b>

**(V) Liabilities as at 30 June 2023 and 2021**

Segment Liabilities	As at 30/06/2023	As at 31/12/2021
	RM'000	RM'000
Investment holding	4,335	4,792
Oil and gas related activities	29,646	23,928
Renewable energy related activities	59,022	6,451
Others activities	23,767	54
Consolidation adjustments	(39,805)	(14,100)
Segment liabilities	76,965	21,125
<b>Total liabilities</b>	<b>76,965</b>	<b>21,125</b>

**A10. Significant Related Party Transactions**

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

**A11. Capital Commitments**

	(Unaudited) As at 30.06.2023 RM'000	(Unaudited) As at 30.06.2022 RM'000
	<b>Approved and contracted for:</b>	
Purchase of equipment	74	2,728
Purchase of solar assets	949	-
Construction of water treatment plant	32,305	-
<b>Approved but not contracted for:</b>		
Purchase of equipment	-	2,509



**A12. Contingent Assets and Liabilities**

The Group's contingent liabilities were as follow:

	(Unaudited) As at 30.06.2023 RM'000	(Unaudited) As at 30.06.2022 RM'000
Bank guarantee for performance	15,475	10,161
Bank guarantee for tenancy agreement	86	86
Bank guarantee for professional work permit	-	2
	<b>15,561</b>	<b>10,249</b>

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 30.06.2023 RM'000	(Unaudited) Correspondence Quarter 30.06.2022 RM'000	Variance RM'000	Variance %
Revenue	51,790	17,169	34,621	>100%
Profit before taxation (“PBT”)	1,673	(3,000)	4,673	>(100%)

For the current financial quarter ended 30 June 2023, the Group registered revenue of RM51.8 million. The Group revenue increased by RM34.6 million or 202% as compared to previous year corresponding quarter ended 30 June 2022.

The increased in group revenue was mainly due to the improve in revenue from renewable energy segment and oil and gas segment by RM29.5 million and RM5.1 million respectively. In line with the increase in revenue, the Group’s PBT increased by RM4.7 million accordingly.

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

	(Unaudited) Cumulative Quarter 30.06.2023 RM'000	(Unaudited) Correspondence Quarter 31.12.2021 RM'000	Variance RM'000	Variance %
Revenue	194,240	112,442	81,798	73%
Profit before taxation (“PBT”)	3,357	17,030	(13,673)	(80%)

The Group changed its financial year end from 31 December to 30 June. Accordingly, in the current quarter ended 30 June 2023 cover a 18-month period from 1 January 2022 to 30 June 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 80% 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 which has a lower profit margin. In addition, for CYTD, there were some one off cost incurred such as the corporate exercises with a total of RM1.9 million, general provision of expected credit loss amounting to RM0.9 million, and write down of healthcare stocks for the amount of RM0.9 million.

(c) CQ vs Previous Quarter (“PQ”).

	(Unaudited) Current Quarter 30.06.2023 RM'000	(Unaudited) Previous Quarter 31.03.2023 RM'000	Variance RM'000	Variance %
Revenue	51,790	44,952	6,838	15%
PBT	1,673	1,459	214	15%

The Group revenue for the CQ increased by RM6.8 million or 15% as compared to the PQ. The increase in revenue from renewable energy segment by RM8.0 million and offset with the reduction of revenue from oil & gas segment by RM2.0 million in CQ.

The Group’s PBT improved slightly by RM0.2 million in CQ. The increase in PBT was due to higher revenue from renewable energy segment in CQ, and after offset with one off cost such as corporate exercises at RM1.1 million and general provision of expected credit loss amounting to RM0.9 million in CQ.

## B2. Commentary on Prospects

The Malaysian economy expanded moderately in the second quarter of 2023 by 2.9% (1Q 2023: 5.6%), weighed mainly by slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment.

Household spending was supported by further growth in employment and wages. Meanwhile, investment activity was underpinned by capacity expansion, progress of multi-year projects and higher fixed asset spending by the government. Continued recovery in inbound tourism partially offset the slower goods export growth. On the supply side, the services and construction sectors continued to support growth. Meanwhile, production in the agriculture and mining sectors were affected by hot weather and plant maintenance. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.5% (1Q 2023: 0.9%).

Headline inflation during the quarter continued to moderate to 2.8% (1Q 2023: 3.6%). The moderation was recorded in both non-core inflation and core inflation. For non-core inflation, fresh food and fuel contributed to the decline. Core inflation, while declining, remained elevated relative to its long-term average (2011-2019 average: 2.0%). The moderation in core inflation (2Q 2023: 3.4%; 1Q 2023: 3.9%) was largely contributed by selected services.

The uncertainty in the energy market will continue and this necessitates industry players to be agile in responding to the changing in the energy landscape and embrace innovation as well as new solutions toward a lower-carbon future. The outlook for the oil and gas sector remains positive for drilling rigs, well services activities and underwater services due to the repair and maintenance activities required to maintain the integrity of offshore facilities. The outlook for subsea facilities, supply of line-pipes, and heavy lift barges remains steady given the steady amount of projects requiring wellhead platforms.

The Malaysia Renewable Energy Roadmap (MyRER), the government has set an ambitious target of renewable energy providing 31 percent (13 gigawatts) of the nation’s energy needs by 2025 and 40 percent (18 gigawatts) by 2035. The Government has further committed to increase RE capacity to 70% in 2050, to be in line with the national climate aspiration of achieving net zero GHG earliest by 2050.

A raft of green technology incentives has been introduced in recent years to support initiatives that include environment-friendly energy generation as well as conservation and improved efficiency efforts. These have been extended to incentives for companies that undertake solar leasing

The National Energy Transition Roadmap (NETR) and Hydrogen Economy and Technology Roadmap (HETR), expected to be launched in the second half of the year, are aimed at ensuring Malaysia achieves long-term energy security, with environmental and economic sustainability in mind. The NETR would outline the overarching strategy and high-impact initiatives to expedite the energy transition efforts. The NETR would be complemented by the HETR, which will pave the way for the achievement of an environmentally sustainable, long-term energy security in Malaysia, driven by technological innovation.

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 (Sarawak) 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.
- (xii) 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.
- (xiii) 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.
- (xiv) 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.
- (xv) 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.
- (xvi) 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.
- (xvii) 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.
- (xviii) As announced on 14 July 2023, the Group received a letter of award from Hibiscus Oil & Gas Malaysia Limited for the provision of slickline perforation and specialized services for a period of three (3) years from 3 July 2023 to 2 July 2026.
- (xix) As announced on 1 August 2023, the Group received a letter of award from Petronas Carigali Sdn Bhd for the provision of Annulus Wash and Cement Assurance (AWCA) equipment and services for M1 and Anding campaigns from 11 July 2023 shall remain valid until completion of the scope of work which is estimated to be completed within eighteen (18) months.

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	18 months	12 months
	30.06.2023	30.06.2022	30.06.2023	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Income tax	845	158	2,911	2,203
Deferred tax	(1,106)	13	(1,348)	2,716
	(261)	171	1,563	4,919
Effective tax rate (“ETR”) <sup>(a)</sup>	-	-	46.6%	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**
**(1) Proposed Acquisition**

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.

**(2) Proposed Diversification**

As announced on 25 May 2023, the Company 85% owned subsidiary, PT Envirotech Akva Indonesia (“**PTEAI**”) entered into a conditional agreement with PT Unilever Oleochemical Indonesia (“**PTUOI**”) in relation to the construction, commissioning and operations of a dedicated Plant at PTUOI’s facility in Sei Mangkei, North Sumatra, under a “build, own, operate and maintain” (“**BOOM**”) model and its integration with existing assets of PTUOI.

**(3) Proposed Private Placement**

As announced on 25 May 2023, the Company proposed private placement of up to 86,713,500 new ordinary shares in RLEB, representing not more than 30% of the total number of issued shares of the Company. As announced on 2 Aug 2023, RLEB has completed the first tranche of the Private Placement following the listing of and quotation for 11,511,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad.

**(4) Proposed Employees' Share Option Scheme**

As announced on 26 May 2023, the Company offer and grant option under Employees' Share Option Scheme ("ESOS") to the eligible persons.

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**B7. Bank Borrowings**

	<b>Unaudited</b>	
	<b>As at 30.06.2023</b>	<b>As at 31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Secured</u></b>		
Current liabilities:		
Bank acceptance	983	-
Bank overdraft	4,460	-
Domestic Recourse Factoring	3,239	-
Invoice financing	5,435	-
Revolving Credit	2,929	-
Share margin financing	5	-
Term financing	300	-
Term loans	1,384	709
	<b>18,735</b>	<b>709</b>
Non-current liability:		
Term loans	9,755	6,080
<b><u>Non-secured</u></b>		
Current liabilities:		
Credit cards	46	45
Term loans	59	88
	<b>105</b>	<b>133</b>
Non-current liability:		
Term loans	-	106
<b>Total borrowings:</b>		
Credit cards	46	45
Bank acceptance	983	-
Bank overdraft	4,460	-
Domestic Recourse Factoring	3,239	-
Invoice financing	5,435	-
Revolving Credit	2,929	-
Share margin financing	5	-
Term financing	300	-
Term loans	1,443	6,983
	<b>18,840</b>	<b>7,028</b>

**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	3 months ended	18 months ended	12 months ended
	30.06.2023 RM	30.06.2022 RM	30.06.2023 RM	31.12.2021 RM
Profit/ (Loss) after taxation attributable to owners of the Company (RM'000)	1,393	(3,316)	(893)	10,758
Weighted average number of ordinary shares in issue ('000)	289,542	290,445	289,542	285,738
Basic EPS attributable to equity holders of the Company (sen) <sup>(a)</sup>	0.48	(1.14)	(0.31)	3.76
(b) Diluted	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended	3 months ended	18 months ended	12 months ended
	30.06.2023 RM	30.06.2022 RM	30.06.2023 RM	31.12.2021 RM
Profit/ (Loss) after taxation attributable to owners of the Company (RM'000)	1,393	(3,316)	(893)	10,758
Weighted average number of ordinary shares in issue ('000)	289,542	290,445	289,542	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 (sen) <sup>(b)</sup>	0.39	(0.92)	(0.25)	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**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>3 months ended 30.06.2023 RM'000</b>	<b>3 months ended 30.06.2022 RM'000</b>	<b>18 months ended 30.06.2023 RM'000</b>	<b>12 months ended 31.12.2021 RM'000</b>
<b>Profit before tax is arrived at after charging/(crediting):</b>				
Auditors' remuneration				
- current year	199	-	221	93
Bad debts written off	-	-	134	-
Depreciation of property, plant and equipment	1,040	1,081	6,170	2,963
Depreciation of investment properties	29	29	175	117
Depreciation of right-of-use assets	56	163	691	441
Gain on disposal of property, plant and equipment	167	-	167	-
Interest expenses	664	233	1,996	424
Interest income	(60)	(25)	(256)	(423)
Impairment losses on trade receivables/contract assets	681	-	920	-
Impairment of Intangible Assets	-	-	-	1,564
Listing expenses	1,050	377	1,478	210
Loss/(gain) on disposal of property, plant and equipment	-	-	-	6
Property, plant & equipment written off	105	22	226	157
Realised loss/(gain) on foreign exchange	106	25	153	(317)
Short term lease expenses	184	65	664	719
Rental income	(63)	(67)	(398)	(263)
Unrealised loss/ (gain) on foreign exchange	111	(88)	128	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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