



RESERVOIR LINK ENERGY BHD

Company No. : 201401044508 (1120690-K)

(Incorporated in Malaysia)

**Interim Financial Report
For The Financial Period Ended
30 September 2023
(1st Quarter)**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023 ^(a)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
REVENUE	67,688	41,427	67,688	41,427
COST OF SALES	(58,383)	(35,039)	(58,383)	(35,039)
GROSS PROFIT	9,305	6,388	9,305	6,388
OTHER INCOME	28	284	28	284
	9,333	6,672	9,333	6,672
ADMINISTRATIVE EXPENSES	(4,979)	(3,923)	(4,979)	(3,923)
PROFIT/(LOSS) FROM OPERATION	4,354	2,749	4,354	2,749
FINANCE COSTS	(571)	(180)	(571)	(180)
SHARE OF RESULTS OF A JOINT VENTURE (NET OF TAX)	11	(9)	11	(9)
PROFIT/(LOSS) BEFORE TAXATION	3,794	2,560	3,794	2,560
INCOME TAX EXPENSES	(1,272)	(894)	(1,272)	(894)
PROFIT/(LOSS) AFTER TAXATION	2,522	1,666	2,522	1,666
OTHER COMPREHENSIVE INCOME				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences	108	-	108	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	2,630	1,662	2,630	1,662
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Group	1,217	428	1,217	428
Non-controlling interests	1,305	1,238	1,305	1,238
	2,522	1,666	2,522	1,666
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:-				
Owners of the Group	1,319	423	1,319	423
Non-controlling interests	1,311	1,239	1,311	1,239
	2,630	1,662	2,630	1,662
EARNING/ (LOSS) PER SHARE (SEN)				
Basic ^(b)	0.41	0.15	0.41	0.15
Diluted ^(c)	0.33	0.12	0.33	0.12

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 period from 1 January 2022 to 30 June 2023 and the accompanying explanatory notes are an integral part of this interim financial report.
- (b) Based on the weighted average number of ordinary shares outstanding during the financial period/ year under review.
- (c) Based on the weighted average number of ordinary shares adjusted on the assumption that the outstanding warrants are fully exercised and converted into ordinary shares.

RESERVOIR LINK ENERGY BHDCompany No. 201401044508 (1120690-K)
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 ^(a)**

	Unaudited As At 30.09.2023 RM'000	Audited As At 30.06.2023 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	34,138	34,711
Investment properties	4,845	4,874
Right-of-use assets	336	404
Deferred tax assets	1,271	1,271
Joint Venture	1,172	1,160
Goodwill	13,973	13,973
	<u>55,735</u>	<u>56,393</u>
CURRENT ASSETS		
Inventories	10,067	9,327
Trade receivables	41,041	36,095
Other receivables, deposits and prepayments	22,165	13,497
Amount owing by joint venture	931	911
Tax recoverable	2,481	2,068
Contract Assets	47,083	28,173
Contract Cost Assets	959	959
Short-term investments	693	693
Fixed deposits with licensed banks	8,788	7,139
Cash and bank balances	11,718	6,071
	<u>145,926</u>	<u>104,933</u>
TOTAL ASSETS	<u>201,661</u>	<u>161,326</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	55,763	47,968
Treasury Shares	(505)	(505)
Share option reserve	151	-
Foreign exchange translation reserve	1,153	1,051
Retained profits	42,208	40,991
Contingent consideration	3,910	3,910
Merger deficit	(15,779)	(15,779)
	<u>86,901</u>	<u>77,636</u>
Non-controlling interests	7,143	5,832
TOTAL EQUITY	<u>94,044</u>	<u>83,468</u>
NON-CURRENT LIABILITIES		
Bank borrowings	9,800	9,755
Lease liabilities	208	169
Deferred tax liabilities	171	171
	<u>10,179</u>	<u>10,095</u>
CURRENT LIABILITIES		
Bank borrowings	33,316	18,793
Lease liabilities	133	241
Trade payables	55,877	41,792
Other payables and accrual	5,612	5,364
Provision for taxation	1,700	630
Contract Liabilities	800	943
	<u>97,438</u>	<u>67,763</u>
TOTAL LIABILITIES	<u>107,617</u>	<u>77,858</u>
TOTAL EQUITY AND LIABILITIES	<u>201,661</u>	<u>161,326</u>
Net asset per share ^(b) (RM)	0.32	0.29

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 period from 1 January 2022 to 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.*
- (b) Based on the Company's issued share capital of 290,445,000 ordinary shares as at the end of the financial period .*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023 ^(a)

	Share Capital	Treasury Shares	Merger Deficit	Non-distributable Share option reserve	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	RM '000
Balance at 01.07.2023	47,968	(505)	(15,779)	-	1,051	3,910	40,991	77,636	5,832	83,468
Contributions by and distribution to owners of the Company:-										
- Share options granted under ESOS	-	-	-	151	-	-	-	151	-	151
- Issuance of ordinary shares pursuant to private placement	7,795	-	-	-	-	-	-	7,795	-	7,795
Total transaction with owners	7,795	-	-	151	-	-	-	7,946	-	7,946
Profit after taxation for the financial year	-	-	-	-	-	-	1,217	1,217	1,305	2,522
Other comprehensive income for the financial period:										
Foreign exchange translation difference	-	-	-	-	102	-	-	102	6	108
Balance at 30.09.2023	55,763	(505)	(15,779)	151	1,153	3,910	42,208	86,901	7,143	94,044

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 period from 1 January 2022 to 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023 ^(a)

	(Unaudited) Year To Date 30.09.2023 RM'000	(Audited) Year To Date 30.06.2023 RM'000
<u>Cash Flows from/(for) operating activities</u>		
Profit before tax	3,794	3,357
<u>Adjustments for:</u>		
Bad debts written off	-	134
Depreciation of property, plant and equipment	1,070	6,170
Depreciation of investment properties	29	175
Depreciation of right-of-use assets	68	691
Fair value loss/(gain) on short-term investments	-	120
Finance costs	571	1,996
Gain on lease modification	-	(5)
Gain on disposal of short-term investment	-	(20)
Loss/(gain) on disposal of property, plant and equipment	-	(167)
Impairment loss:		
- trade receivables	-	623
- contract assets	-	297
Share based payment	151	-
Interest income	(68)	(256)
Property, plant and equipment written off	-	226
Share of (profit)/ loss of joint ventures	(11)	166
Unrealised loss/(gain) on foreign exchange	164	(58)
Operating (loss)/profit before working capital changes	5,768	13,449
(Increase)/Decrease in inventories	(740)	(1,693)
(Increase)/Decrease in contract cost assets	(482)	(959)
(Increase)/Decrease in receivables	(15,041)	(34,539)
(Increase)/Decrease in contract assets	(17,951)	(24,737)
Increase/(Decrease) in payables	15,376	35,581
Increase/(Decrease) in related parties	-	3,262
(Increase)/Decrease in amount owing by joint ventures	(9)	(911)
Cash (for)/from operations	(13,078)	(10,547)
Interest paid	(571)	(1,996)
Income tax paid	(613)	(4,875)
Income tax refunded	-	775
Net cash (for)/from operating activities	(14,262)	(16,642)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023 ^(a)

	(Unaudited)	(Audited)
	Year To Date	Year To Date
	30.09.2023	30.06.2023
	RM'000	RM'000
Cash flows from/(for) investing activities		
Acquisition of joint ventures	-	(1,326)
Interest income received	68	256
Purchase of property, plant and equipment	(479)	(15,147)
Proceeds from disposal of property, plant and equipment	-	3,661
(Increase)/Decrease in short-term investments	-	4,237
(Increase)/Decrease in pledged fixed deposits with licensed banks	(1,649)	(3,509)
Net cash (for)/from investing activities	(2,060)	(11,828)
Cash flows from/(for) financing activities		
Acquisition of non-controlling interests	-	496
Net drawdown/(repayment) of borrowings	13,073	17,106
Net proceeds from issuance of ordinary shares	7,795	-
Purchase of treasury shares	-	(505)
Repayment of lease liabilities	(141)	(706)
Net cash from/(for) financing activities	20,727	16,391
Net decrease in cash and cash equivalents	4,405	(12,079)
Cash and cash equivalents at beginning of the financial period	1,611	13,491
Effect of foreign exchange translation	(39)	199
Cash and cash equivalents at end of the financial period	5,977	1,611
Cash and cash equivalents comprise the followings:		
Fixed deposits with licensed banks	8,788	7,139
Cash and bank balances	11,718	6,071
Cash and cash equivalents as reported in the Statement of Financial Position	20,506	13,210
Less: Fixed deposits with licensed banks more than 3 months	(8,788)	(7,139)
Less: Bank overdrafts	(5,740)	(4,460)
	5,977	1,611

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 period from 1 January 2022 to 30 June 2023 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 period from 1 January 2022 to 30 June 2023 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 period from 1 January 2022 to 30 June 2023, except for the following which were adopted at the beginning of the current financial year. These pronouncements are either not relevant or do not have any material impact on the Group’s financial statements for the current financial year.

- 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

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 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
- Amendments to MFRS 107 Statement of Cash Flows
- Amendments to MFRS 7 Financial Instruments : Disclosures

ii. Financial year beginning on or after 1 January 2025:

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates

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 period ended 30 June 2023 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 September 2023 is as follows:

Operating Segment	Investment holding	Oil and gas related activities	Renewable energy related and other activities	Consolidation adjustments	The Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	21,569	48,893	(2,774)	67,688
Consolidated revenue					67,688
Segment Results	(798)	2,284	3,452	(584)	4,354
Finance costs	(24)	(438)	(664)	555	(571)
Share of profit of equity-accounted joint ventures				11	11
Consolidated profit before taxation					3,794

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

Operating Segment	Investment holding	Oil and gas related activities	Renewable energy related and other activities	Consolidation adjustments	The Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	9,190	32,551	(314)	41,427
Consolidated revenue					41,427
Segment Results	(486)	106	3,316	(187)	2,749
Finance costs	(8)	(227)	(133)	188	(180)
Share of profit of equity-accounted joint ventures				(9)	(9)
Consolidated profit before taxation					2,560

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(I) Assets as at 30 September 2023 and 2022

Segment Assets	As at 30/09/2023	As at 30/09/2022
	RM'000	RM'000
Investment holding	59,178	48,204
Oil and gas related activities	96,315	69,097
Renewable energy related and others activities	128,029	40,112
Consolidation adjustments	(83,964)	(35,505)
Segment assets	199,558	121,908
Joint venture	2,103	566
Total assets	201,661	122,474

(II) Liabilities as at 30 September 2023 and 2022

Segment Liabilities	As at 30/09/2023	As at 30/09/2022
	RM'000	RM'000
Investment holding	5,111	761
Oil and gas related activities	43,045	26,985
Renewable energy related and others activities	114,572	33,064
Consolidation adjustments	(55,111)	(14,487)
Segment liabilities	107,617	46,323
Total liabilities	107,617	46,323

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 30.09.2023	(Unaudited) As at 30.09.2022
	RM'000	RM'000
Approved and contracted for:		
Purchase of equipment	7	2,846
Purchase of solar assets	1,335	-
Construction of water treatment plant	26,510	-
Approved but not contracted for:		
Purchase of equipment	-	2,506

A12. Contingent Assets and Liabilities

The Group's contingent liabilities were as follow:

	(Unaudited) As at 30.09.2023 RM'000	(Unaudited) As at 30.09.2022 RM'000
Bank guarantee for performance	13,685	9,859
Bank guarantee for tenancy agreement	86	86
Bank guarantee for professional work permit	-	2
	13,771	9,947

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.
- (v) As announced on 3 October 2023, the Company 51% owned subsidiary, Founder Group Limited (“**FGL**”) is considering to list on the NASDAQ Stock Exchange (“**Proposed Listing of Subsidiary**”).
- (vi) As announced on 14 November 2023, the Company wholly owned subsidiary, Reservoir Link Renewable Sdn Bhd (“**RLR**”) entered into a share sale agreement (“**SSA**”) with SAG Green Tech Sdn Bhd (“**SGT**”) for the proposed acquisition of 1,000,000 ordinary shares representing 100% equity interest in SAG Renewables Sdn Bhd (“**SAGR**”), for a total purchase consideration of RM10,500,000, comprising RM4,500,000 for the Sale Shares and RM6,000,000 for the corporate guarantee to be provided upon the successful transfer of the Sale Shares from SGT to RLR in accordance with the terms of the SSA. 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.

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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 30.09.2023 RM'000	(Unaudited) Correspondence Quarter 30.09.2022 RM'000	Variance RM'000	Variance %
Revenue	67,688	41,427	26,261	63%
Profit before taxation (“PBT”)	3,794	2,560	1,234	48%

For the current financial quarter ended 30 September 2023, the Group registered revenue of RM67.7 million. The Group revenue increased by RM26.3 million or 63% as compared to previous year corresponding quarter ended 30 September 2022.

The increased in group revenue was mainly due to the improve in revenue from both renewable energy segment and oil and gas segment by RM16.4 million and RM9.9 million respectively. In line with the increase in revenue, the Group’s PBT increased by RM1.2 million accordingly.

(b) CQ vs Previous Quarter (“PQ”).

	(Unaudited) Current Quarter 30.09.2023 RM'000	(Unaudited) Previous Quarter 30.06.2023 RM'000	Variance RM'000	Variance %
Revenue	67,688	51,790	15,898	31%
PBT	3,794	1,673	2,121	>100%

The Group revenue for the CQ increased by RM15.9 million or 31% as compared to the PQ. The increase in revenue from renewable energy segment by RM10.1 million and from Oil & Gas segment by RM5.8 million respectively in CQ.

The Group’s PBT improved by RM2.1 million in CQ. The increase in PBT was due to higher revenue in CQ. It should be noted that, the one off cost such as corporate exercises at RM1.3 million and general provision of expected credit loss amounting to RM0.7 million were charged in PQ.

B2. Commentary on Prospects

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 upstream activities such as drilling rigs, well services activities and underwater services due to the repair and maintenance activities required to maintain the integrity of offshore facilities. Few contracts awarded by PETRONAS and Petroleum Arrangement Contractors (PACs) to the Group, shown a positive outlook on Oil & Gas activity in 2023.

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.

The Malaysia National Energy Transition Roadmap ("NETR") was introduced in July 2023, which further outlines the strategic direction for the country's shift towards sustainable energy. The NETR builds upon the foundations laid by the MyRER and NEP 2040, focusing on renewable energy sources, energy efficiency, and carbon emissions reduction. It also spells out plans for the integration of smart grids and the adoption of electric vehicles, aiming to reduce Malaysia's carbon footprint significantly by 2030.

In October 2022, the Ministry of Energy and Natural Resources announced the implementation of Corporate Green Power Programme ("CGPP") administered by Suruhanjaya Tenaga ("ST") to achieve the targeted decarbonisation of electricity sector in Malaysia. On 7th August 2023, Consortium of Reservoir Link Renewable Sdn Bhd, Sumitomo Corporation and Maqo Engineering Sdn Bhd has been selected as a solar power producer by the Energy Commission under the Corporate Green Power Programme ("CGPP"). We foresee that there will be more activities coming from the renewable energy space over the coming years to reinforce the nation's strategic focus on sustainable energy.

The Group 51% owned subsidiary, Founder Group Limited ("FGL") is considering to list on the NASDAQ stock exchange which represents a strategic step for FGL, will offer enhanced financial flexibility through a new fundraising platform to accelerate the expansion and growth trajectory of its solar renewable business. By leveraging on the NASDAQ stock exchange, FGL will also be able to improve its corporate image and visibility to penetrate into a wider market thereby broadening both the existing client and investor base.

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

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- (v) As announced on 28 September 2021, the Group received a letter of award from Sarawak Shell Berhad/Sabah Shell Petroleum Company Limited for period of three (3) years from 3 September 2021 to 2 September 2024 as:
 - a. primary contractor for provision of slickline equipment and services for well completion activities – rig assisted; and
 - b. back up contractor for provision of slickline equipment and services for well intervention – non-rig assisted.
 - (vi) As announced on 23 February 2021, the Group received a letter of award from Tanjung Offshore Services Sdn Bhd for the provision of perforation wash and cement equipment and services for a period of four (4) months from 7 January 2022 until the completion of works;
 - (vii) As announced on 5 April 2021, the Group received a letter of award from ExxonMobil Exploration and Production Malaysia Inc. for the provision of annulus wash and cement placement equipment and services for a period of five (5) years from 7 March 2022 until 6 March 2027;
 - (viii) As announced on 18 April 2022, the Group received a letter of award from Roc Oil (Sawarak) Sdn Bhd for the provision of tubing cutter and tubing cutting for a period of one (1) year from 11 April 2022 to 10 April 2023;
 - (ix) As announced on 20 April 2021, the Group was appointed by PETRONAS as an umbrella contractor for the provision of well testing and tubing conveyed perforations (TCP) for Petroleum Arrangement Contractors (PACs) for a period of three (3) years from 6 April 2022 to 5 April 2025;
 - (x) As announced on 7 June 2022, the Group received a letter of award from Osram Opto Semiconductors (Malaysia) Sdn Bhd for proposed development of 7,608.6 KWP solar rooftop & building integrated photovoltaics (BIPV) power generation facilities; and
 - (xi) As announced on 10 June 2022, the Group received a letter of award from SEA Hibiscus Sdn Bhd for the provision of well services pumping and specialty chemicals for SEA Hibiscus Sdn Bhd for a period of three (3) years from 18 April 2022 to 17 April 2025.
 - (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.

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- (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.
 - (xx) As announced on 29 September 2023, the Group received a letter of award from Samaiden Sdn Bhd for the subcontract works of Large Scale Solar Photovoltaic Plant (LSSPV) 50MWac Solar Photovoltaic Plant (“PV”) at Sungai Petani, Daerah Kuala Muda, Kedah.

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 2024.

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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	3 months	3 months
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Income tax	891	843	891	843
Deferred tax	381	51	381	51
	<u>1,272</u>	<u>894</u>	<u>1,272</u>	<u>894</u>
Effective tax rate (“ETR”) ^(a)	33.5%	34.9%	33.5%	34.9%

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

- (i) 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.
- (ii) As announced on 14 November 2023, the Company wholly owned subsidiary, Reservoir Link Renewable Sdn Bhd (“RLR”) entered into a share sale agreement (“SSA”) with SAG Green Tech Sdn Bhd (“SGT”) for the proposed acquisition of 1,000,000 ordinary shares representing 100% equity interest in SAG Renewables Sdn Bhd (“SAGR”), for a total purchase consideration of RM10,500,000, comprising RM4,500,000 for the Sale Shares and RM6,000,000 for the corporate guarantee to be provided upon the successful transfer of the Sale Shares from SGT to RLR in accordance with the terms of the SSA. 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. This exercise has been completed on 3 May 2023.

(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 August 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.

As announced on 29 September 2023, RLEB has completed the second tranche of the Private Placement following the listing and quotation for 14,867,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad.

As announced on 9 November 2023, RLEB has obtained the approval from Bursa Securities for the extension of time up to 7 May 2024 to complete the Private Placement.

(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. The ESOS was granted on 3 August 2023 and the number of shares accepted are 4,934,700 options at the Exercise Price of RM0.2756 per unit.

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B6. Utilisation of Proceeds Raised from the Private Placement⁽¹⁾

The gross proceeds raised from the Private Placement of RM25.1 million are intended to be utilised in the following manner:

The actual proceeds of RM3.4 million raised from the first tranche of the Private Placement was completed on 2 August 2023.

The actual proceeds of RM4.5 million raised from second tranche of the Private Placement was completed on 25 September 2023.

No.	Purpose	Proposed Utilisation RM'000	Actual Utilisation up to 30 September 2023 RM'000	Balance Unutilised RM'000	Estimated Timeframe for Utilisation
1	Development cost for the wastewater treatment plant	10,000	7,913	2,087	Within 12 months
2	Renewable Energy projects	14,000	-	14,000	Within 24 months
3	Working capital	807	-	807	Within 12 months
4	Estimated expenses for the Proposals	340	-	340	Immediate
		25,147	7,913	17,234	

Notes:

(1) The utilisation of proceeds as disclosed above should be read in conjunction with the circular dated 25 May 2023.

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B7. Bank Borrowings

	Unaudited	
	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000
Secured		
-		
Current liabilities:		
Bankers' acceptances	12,320	983
Bank overdrafts	5,740	4,460
Credit card	42	
Factoring payables	658	3,239
Invoice financing	10,062	5,435
Revolving Credit	2,727	2,928
Share margin financing	5	5
Term financing	58	-
Term loans	1,704	1,744
	33,315	18,793
Non-current liability:		
Term loans	9,800	9,755
Total	43,116	28,548

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)”)
Earnings per Share (“EPS”)
(a) Basic

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM	RM	RM	RM
Profit/ (Loss) after taxation attributable to owners of the Company (RM'000)	1,217	428	1,217	428
Weighted average number of ordinary shares in issue ('000)	296,875	289,788	296,875	289,788
Basic EPS attributable to equity holders of the Company (sen) ^(a)	0.41	0.15	0.41	0.15

(b) Diluted

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM	RM	RM	RM
Profit/ (Loss) after taxation attributable to owners of the Company (RM'000)	1,217	428	1,217	428
Weighted average number of ordinary shares in issue ('000)	296,875	289,788	296,875	289,788
Number of potential shares to be issued ('000) arising from the exercise of ESOS and warrants.	72,409	71,250	72,409	71,250
Diluted EPS (sen) ^(b)	0.33	0.12	0.33	0.12

Notes:

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

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B10. Profit Before Tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited)		(Unaudited)	
	3 months ended		3 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- under provision in prior year	-	9	-	9
Depreciation of property, plant and equipment	1,070	1,051	1,070	1,051
Depreciation of investment properties	29	30	29	30
Depreciation of right-of-use assets	68	147	68	147
Interest expenses	571	179	571	179
Interest income	(68)	(64)	(68)	(64)
Listing expenses	-	51	-	51
Property, plant & equipment written off	-	10	-	10
Realised loss/(gain) on foreign exchange	100	(281)	100	(281)
Short term lease expenses	868	77	868	77
Rental income	(40)	(67)	(40)	(67)
Unrealised loss on foreign exchange	164	523	164	523

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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