



RESERVOIR LINK ENERGY BHD

Company No. : 201401044508 (1120690-K)

(Incorporated in Malaysia)

**Interim Financial Report
For The Financial Period Ended
30 June 2024
(4th Quarter)**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2024 ^(a)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023* RM'000
REVENUE	43,020	51,790	185,591	170,595
COST OF SALES	(33,769)	(43,350)	(156,415)	(143,265)
GROSS PROFIT	9,251	8,440	29,176	27,330
OTHER INCOME	120	806	1,641	1,441
	9,371	9,246	30,817	28,771
ADMINISTRATIVE EXPENSES	(5,745)	(6,119)	(20,485)	(17,595)
PROFIT FROM OPERATION	3,626	3,127	10,332	11,176
FINANCE COSTS	(1,277)	(664)	(3,624)	(1,665)
IMPAIRMENT LOSSES ON TRADE RECEIVABLES/CONTRACT ASSETS	(974)	(681)	(763)	(708)
FAIR VALUE LOSSES/GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH LOSS OR PROFIT	(60)	(120)	(201)	2,130
UNREALISED LOSS/GAIN ON FOREIGN EXCHANGE	(1,033)	111	(1,597)	(277)
SHARE OF RESULTS OF A JOINT VENTURE (NET OF TAX)	(80)	(100)	(26)	(166)
NET PROFIT BEFORE TAXATION	202	1,673	4,121	10,490
INCOME TAX EXPENSES	(1,239)	261	(3,367)	(2,206)
NET (LOSS)/PROFIT AFTER TAXATION	(1,037)	1,934	754	8,284
OTHER COMPREHENSIVE INCOME				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences	(190)	198	(190)	194
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD	(1,227)	2,132	564	8,478
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Group	(505)	1,393	(836)	5,530
Non-controlling interests	(532)	541	1,590	2,754
	(1,037)	1,934	754	8,284
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:-				
Owners of the Group	(667)	1,560	(999)	5,691
Non-controlling interests	(560)	572	1,563	2,787
	(1,227)	2,132	564	8,478
(LOSS)/EARNING PER SHARE (SEN)				
Basic ^(b)	(0.16)	0.48	(0.27)	1.91
Diluted ^(c)	(0.13)	0.39	(0.22)	1.53

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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.*

* *The 12 months period ended 30 June 2023 is presented for illustration purposes only. This 12 months period is part of the 18 months audited financial period from 1 January 2022 to 30 June 2023.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024 ^(a)

	Unaudited As At 30.06.2024 RM'000	Audited As At 30.06.2023 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	76,491	34,711
Investment properties	4,757	4,874
Investment in an associate	290	-
Right-of-use assets	181	404
Deferred tax assets	1,097	1,271
Joint Venture	1,134	1,160
Intangible assets	3,227	-
Goodwill	13,973	13,973
	101,150	56,393
CURRENT ASSETS		
Inventories	8,821	9,327
Trade receivables	42,361	36,095
Other receivables, deposits and prepayments	16,901	13,497
Amount owing by related parties	597	-
Amount owing by joint venture	297	911
Amount owing by associated companies	46	-
Tax recoverable	2,866	2,068
Contract Assets	29,662	28,173
Contract Cost Assets	631	959
Short-term investments	1,457	693
Fixed deposits with licensed banks	9,677	7,139
Cash and bank balances	13,563	6,071
	126,879	104,933
TOTAL ASSETS	228,029	161,326
EQUITY AND LIABILITIES		
EQUITY		
Share capital	55,763	47,968
Treasury Shares	(505)	(505)
Share option reserve	319	-
Foreign exchange translation reserve	888	1,051
Retained profits	40,155	40,991
Contingent consideration	4,410	3,910
Merger deficit	(15,779)	(15,779)
	85,251	77,636
Non-controlling interests	7,395	5,832
TOTAL EQUITY	92,646	83,468
NON-CURRENT LIABILITIES		
Bank borrowings	35,952	9,755
Lease liabilities	1,503	169
Deferred tax liabilities	555	171
	38,010	10,095
CURRENT LIABILITIES		
Bank borrowings	44,929	18,793
Lease liabilities	312	241
Trade payables	40,570	41,792
Other payables and accrual	9,140	5,364
Amount owing to related parties	1	-

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Amount owing to directors	502	-
Provision for taxation	1,919	630
Contract Liabilities	-	943
	97,373	67,763
TOTAL LIABILITIES	135,383	77,858
TOTAL EQUITY AND LIABILITIES	228,029	161,326
Net asset per share ^(b) (RM)	0.30	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 FOURTH QUARTER ENDED 30 JUNE 2024 ^(a)

					Non-distributable		Distributable		Non-controlling Interest	Total
	Share Capital	Treasury Shares	Merger Deficit	Share option reserve	Foreign Exchange Translation Reserve	Contingent Consideration	Retained Profits	Attributable to owners of the Company		
	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:-										
- Acquisition of a subsidiary	-	-	-	-	-	500	-	500	-	500
- Share options granted under ESOS	-	-	-	319	-	-	-	319	-	319
- Issuance of ordinary shares pursuant to private placement	7,795	-	-	-	-	-	-	7,795	-	7,795
Total transaction with owners	7,795	-	-	319	-	500	-	8,614	-	8,614
Profit after taxation for the financial year	-	-	-	-	-	-	(836)	(836)	1,590	754
Other comprehensive income for the financial period:										
Foreign exchange translation difference	-	-	-	-	(163)	-	-	(163)	(27)	(190)
Balance at 30.06.2024	55,763	(505)	(15,779)	319	888	4,410	40,155	85,251	7,395	92,646

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 FOURTH QUARTER ENDED 30 JUNE 2024 ^(a)

	(Unaudited)	(Audited)
	Year To Date	Year To Date
	30.06.2024	30.06.2023
	RM'000	RM'000
<u>Cash Flows from/(for) operating activities</u>		
Profit before tax	4,121	3,357
<u>Adjustments for:</u>		
Bad debts written off	-	134
Amortisation of intangible asset	55	-
Allowance for impairment losses on trade receivables	1,037	-
Depreciation of property, plant and equipment	4,900	6,170
Depreciation of investment properties	117	175
Depreciation of right-of-use assets	259	691
Fair value loss/(gain) on short-term investments	(201)	120
Finance costs	3,624	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	320	-
Interest income	(251)	(256)
Property, plant and equipment written off	35	226
Reversal of allowance for impairment losses on receivable	(274)	-
Share of (profit)/ loss of joint ventures	26	166
Unrealised loss/(gain) on foreign exchange	1,597	(58)
	15,365	13,449
Operating (loss)/profit before working capital changes		
(Increase)/Decrease in inventories	506	(1,693)
(Increase)/Decrease in contract cost assets	328	(959)
(Increase)/Decrease in receivables	(11,729)	(34,539)
(Increase)/Decrease in contract assets	(1,223)	(24,737)
Increase/(Decrease) in payables	(2,659)	35,581
Increase/(Decrease) in associates	(46)	-
Increase/(Decrease) in related parties	(596)	3,262
Increase/(Decrease) in directors loan	501	-
(Increase)/Decrease in amount owing by joint ventures	614	(911)
	1,061	(10,547)
Cash (for)/from operations		
Interest paid	(3,624)	(1,996)
Income tax paid	(2,271)	(4,875)
Income tax refunded	-	775
	(4,834)	(16,642)
Net cash (for)/from operating activities		

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 30 JUNE 2024 ^(a)

	(Unaudited)	(Audited)
	Year To Date	Year To Date
	30.06.2024	30.06.2023
	RM'000	RM'000
Cash flows from/(for) investing activities		
Acquisition of joint ventures	(290)	(1,326)
Acquisition of subsidiary	(3,458)	-
Interest income received	251	256
Purchase of property, plant and equipment	(40,871)	(15,147)
Proceeds from disposal of property, plant and equipment	-	3,661
(Increase)/Decrease in short-term investments	(423)	4,237
(Increase)/Decrease in pledged fixed deposits with licensed banks	(2,537)	(3,509)
Net cash (for)/from investing activities	(47,329)	(11,828)
Cash flows from/(for) financing activities		
Acquisition of non-controlling interests	-	496
Net drawdown/(repayment) of borrowings	51,107	17,106
Net proceeds from issuance of ordinary shares	7,795	-
Purchase of treasury shares	-	(505)
Repayment of lease liabilities	(506)	(706)
Net cash from/(for) financing activities	58,397	16,391
Net decrease in cash and cash equivalents	6,234	(12,079)
Cash and cash equivalents at beginning of the financial period	1,611	13,491
Effect of foreign exchange translation	(211)	199
Cash and cash equivalents at end of the financial period	7,634	1,611
Cash and cash equivalents comprise the followings:		
Fixed deposits with licensed banks	9,677	3,630
Cash and bank balances	13,563	6,071
Cash and cash equivalents as reported in the Statement of Financial Position	23,239	9,701
Less: Fixed deposits with licensed banks more than 3 months	(9,677)	(3,630)
Less: Bank overdrafts	(5,929)	(4,460)
	7,634	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.

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 quarter financial period ended 30 June 2024 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	885	26,373	18,288	(2,526)	43,020
Consolidated revenue					43,020
Segment Results	(1,448)	4,253	216	605	3,626
Finance costs	(17)	(408)	(1,270)	418	(1,277)
Fair Value Losses On Financial Assets At Fair Value Through Profit Or Loss	(60)	-	-	-	(60)
Impairment Losses On Trade Receivables/contract assets	96	(1,033)	59	(96)	(974)
Unrealised Loss/gain on foreign exchange	1	(7)	(1,027)	-	(1,033)
Share of profit of equity-accounted joint ventures	(3)	-	(77)	-	(80)
Consolidated profit before taxation					202

The Group's segment information for the previous year corresponding quarter financial period ended 30 June 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	744	13,983	38,840	(1,777)	51,790
Consolidated revenue					51,790
Segment Results	(1,087)	1,669	2,776	(231)	3,127
Finance costs	(25)	(408)	(532)	301	(664)
Impairment Losses On Trade Receivables	(653)	(685)	(680)	1,337	(681)
Fair Value Losses On Financial Assets At Fair Value Through Profit Or Loss	(120)	-	-	-	(120)
Unrealised Loss/gain on foreign exchange	-	-	-	111	111
Share of profit of equity-accounted joint ventures	(3)	-	(97)	-	(100)
Consolidated profit before taxation					1,673

The Group's segment information for the current financial year-to-date period ended 30 June 2024 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	3,502	81,131	112,941	(11,983)	185,591
Consolidated revenue					185,591
Segment Results	(3,070)	9,321	5,672	(1,591)	10,332
Finance costs	(64)	(1,757)	(3,241)	1,438	(3,624)
Fair Value Losses On Financial Assets At Fair Value Through Profit Or Loss	(201)	-	-	-	(201)
Impairment Losses On Trade Receivables	-	(822)	59	-	(763)
Unrealised Loss/gain on foreign exchange	1	(7)	(1,591)	-	(1,597)
Share of profit of equity-accounted joint ventures	(4)	-	(22)	-	(26)
Consolidated profit before taxation					4,121

The Group's segment information for the corresponding financial year-to-date period ended 30 June 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	3,056	53,290	121,747	(7,498)	170,595
Consolidated revenue					170,595
Segment Results	(268)	6,304	8,551	(3,411)	11,176
Finance costs	(72)	(1,286)	(1,281)	974	(1,665)
Impairment Losses On Trade Receivables/Contract Assets	-	-	(708)	-	(708)
Fair Value Losses On Financial Assets At Fair Value Through Profit Or Loss	2,130	-	-	-	2,130
Unrealised Loss/gain on foreign exchange	-	-	-	(277)	(277)
Share of profit of equity-accounted joint ventures	(17)	-	(149)	-	(166)
Consolidated profit before taxation					10,490

(I) Assets as at 30 June 2024 and 2023

Segment Assets	As at 30/06/2024	As at 30/06/2023
	RM'000	RM'000
Investment holding	53,924	51,317
Oil and gas related and others activities	102,454	81,324
Renewable energy related and others activities	153,868	89,827
Consolidation adjustments	(83,938)	(63,214)
Segment assets	226,308	159,254
Joint venture	1,431	2,072
Associate	290	-
Total assets	228,029	161,326

(II) Liabilities as at 30 June 2024 and 2023

Segment Liabilities	As at 30/06/2024	As at 30/06/2023
	RM'000	RM'000
Investment holding	2,199	4,373
Oil and gas related and others activities	45,886	29,646
Renewable energy related and others activities	141,764	78,131
Consolidation adjustments	(54,466)	(34,292)
Segment liabilities	135,383	77,858
Total liabilities	135,383	77,858

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 30.06.2024	(Unaudited) As at 30.06.2023
	RM'000	RM'000
Approved and contracted for:		
Purchase of equipment	177	74
Purchase of solar PV assets	2,618	949
Construction of water treatment plant	-	32,305
Approved but not contracted for:		
Purchase of equipment	-	-

A12. Contingent Assets and Liabilities

The Group's contingent liabilities were as follow:

	(Unaudited) As at 30.06.2024 RM'000	(Unaudited) As at 30.06.2023 RM'000
Bank guarantee for performance	11,132	15,475
Bank guarantee for tenancy agreement	86	86
	11,218	15,561

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) 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 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**”).
- (iii) 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.

As announced on 30 January 2024, RLR agreed to extend the date of expiry of the Extended Cut-Off Date from 30 January 2024 to 29 February 2024.

As announced on 11 March 2024, the proposed acquisition has been completed on 8 March 2024.

- (iv) As announced on 22 December 2023, and reference is made to note (ii) above, the Company announced the details of the proposed initial public offering of new ordinary shares in FGL on the Nasdaq Capital Market of the Nasdaq Stock Exchange. For further details please refer to the announcement.
- (v) As announced on 25 March 2024, the Company wholly owned subsidiary, Reservoir Link Renewable Sdn Bhd (“**RLR**”) entered into a Shareholders’ Agreement (“**SA**”) with Sumitomo Corporation (“**SC**”), MAQO Engineering Sdn Bhd (“**MESB**”) and SRM Utama Selambau Sdn Bhd (“**SUS**” or “**Company**”) to undertake to develop, implement, own and operate a 29.99MWac groundmounted solar photovoltaic project in Kedah, Malaysia (“**Project**”).

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 30.06.2024 RM'000	(Unaudited) Correspondence Quarter 30.06.2023 RM'000	Variance RM'000	Variance %
Revenue	43,020	51,790	(8,770)	(17%)
Profit before taxation (PBT)	202	1,673	(1,471)	(88%)

For the current financial quarter ended 30 June 2024, the Group registered revenue of RM43.0 million. The Group revenue decreased by RM8.8 million or 17% as compared to previous year corresponding quarter ended 30 June 2023.

The decreased in group revenue was mainly due to the decline in revenue from renewable energy EPCC segment by RM22.2 million. However, the revenue from both oil & gas segment and water treatment plant segment have increased by RM10.8 million and RM2.2 million respectively. In line with decreased in revenue and higher administrative expenses and finance charges, LBT increased by RM1.4 million in CQ. It should be noted that there is an unrealised forex loss arising from USD loan amounted to RM1.3 million reported in CQ. Without this unrealised forex loss, the PBT will improve to RM1.6 million.

(b) CQ vs Previous Quarter (“PQ”).

	(Unaudited) Current Quarter 30.06.2024 RM'000	(Unaudited) Previous Quarter 31.03.2024 RM'000	Variance RM'000	Variance %
Revenue	43,020	30,225	12,795	42%
PBT/LBT	202	(2,251)	2,453	>(100%)

The Group revenue for the CQ increased by RM12.8 million or 42% as compared to the PQ. The increase in revenue mainly contributed from both oil & gas segment and water treatment plant segment by RM9.9 million by RM2.2 million respectively in CQ.

In line with increased in revenue, the Group’s PBT improved by RM2.6 million in CQ. It should be noted that there is an unrealised forex loss arising from USD loan amounted to RM1.3 million reported in CQ. Without this unrealised forex loss, the PBT will improve to RM1.6 million.

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

	(Unaudited) Cumulative Quarter 30.06.2024 RM'000	(Unaudited) Correspondence Quarter 30.06.2023 RM'000	Variance RM'000	Variance %
Revenue	185,591	170,595	14,996	9%
Profit before taxation (“PBT”)	4,121	10,490	(6,369)	(61%)

The Group revenue for the CYTD increased by RM15.0 million or 9% as compared to the PYTD. The increased in group revenue was mainly due to the improve in revenue from both oil & gas segment and water treatment plant segment by RM23.1 million and RM2.2 million respectively. However, PBT decreased by RM6.3 million or 60% mainly due to higher administrative expenses and finance charges in CYTD. It should be noted that, the fair value gain on other investment of RM2.1 million was recorded in PYTD. On the other hand, there is an unrealised forex loss arising from USD loan amounted to RM1.3 million reported in CQ.

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.

Petroleum Nasional Bhd (Petronas) has released its 2024-2026 Activity Outlook, outlining forecasted activities which call for greater collaboration with the oil and gas service and equipment (OGSE) providers to ensure energy demand is met while ramping up its clean energy initiatives. Within the next three years, the national oil firm is committed to its long-term target of sustaining and growing Malaysia’s oil and gas production in anticipation of opening opportunities for the OGSE providers across exploration, development, production, and decommissioning activities. The decommissioning activities involving plugging and abandonment of about 130 wells and the abandonment of about 50 facilities over the next 3 years to restore the area to a safe and environmentally stable condition, while disused assets will be assessed for potential reuse or repurposing given a positive outlook on Oil & Gas activity for the Group in 2024 and onwards.

The Malaysia Renewable Energy Roadmap (MyRER), the government has set an ambitious target of renewable energy providing 31 percent (13 gigawatts) released on 30 December 2021 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.

On 7th August 2023, Consortium of Reservoir Link Renewable Sdn Bhd, Sumitomo Corporation and Maqo Engineering Sdn Bhd has been selected as the 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.

Malaysia’s Energy Commission has kicked off the second quarter of 2024 with an announcement that Malaysia’s fifth Large Scale Solar competitive bidding process is open. Known as ‘LSS-Peralihan Tenaga SuRia’ or ‘LSS PETRA’, this round of competitive bidding process sees a total capacity of 2,000MW being offered – more than double of the capacity that was offered under the previous round of the Large Scale Solar competitive bidding process.

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 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	12 months	12 months
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Income tax	681	845	2,312	2,900
Deferred tax	558	(1,106)	1,055	(694)
	1,239	(261)	3,367	2,206
Effective tax rate (“ ETR ”) ^(a)	397%	-	79.6%	21.0%

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.

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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.

As announced on 30 January 2024, RLR agreed to extend the date of expiry of the Extended Cut-Off Date from 30 January 2024 to 29 February 2024.

As announced on 11 March 2024, the proposed acquisition has been completed on 8 March 2024.

(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.

As announced on 18 April 2024, RLEB has obtained the approval from Bursa Securities for the extension of time up to 7 November 2024 to complete the Private Placement.

As announced on 30 July 2024, RLEB has completed the third tranche of the Private Placement following the listing and quotation for 5,330,000 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. 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.

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:

No.	Purpose	Proposed Utilisation RM'000	Actual Utilisation up to 30 June 2024 RM'000	Balance Unutilised** RM'000	Estimated Timeframe for Utilisation
1	Development cost for the wastewater treatment plant	10,000	6,766*	3,234	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	

As at the reporting date, we have placed out shares in the following tranches:

- (i) On 2 August 2023, we placed out first tranche of 11,511,000 units of shares for RM3.4 million.
- (ii) On 25 September 2023, we placed out second tranche of 14,867,000 units of shares for RM4.5 million.
- (iii) On 30 July 2024, we placed out third tranche of 5,330,000 units of shares for RM1.6 million.

Notes:

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

* The balance of proceeds from tranche 1 and 2 total RM6.8 million has been fully utilised for the development cost for the wastewater treatment plant.

** This represents proceeds yet to be received as the private placement shares have yet to be placed out.

B7. Bank Borrowings

	Unaudited	
	As at 30.06.2024	As at 30.06.2023
	RM'000	RM'000
<u>Secured</u>		
Current liabilities:		
Bankers' acceptances	8,359	983
Bank overdrafts	5,929	4,460
Credit card	45	-
Factoring payables	2,523	3,239
Invoice financing	17,193	5,435
Revolving Credit	2,057	2,928
Share margin financing	1,050	5
Term loans	7,574	1,744
	44,729	18,793
Non-current liability:		
Term loans	35,952	9,755
Total	80,682	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. (Loss)/Earnings per Share (“LPS/(EPS)”)

(a) Basic	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	30.06.2024 RM	30.06.2023 RM	30.06.2024 RM	30.06.2023 RM
(Loss)/ Profit after taxation attributable to owners of the Company (RM'000)	(505)	1,393	(836)	5,530
Weighted average number of ordinary shares in issue ('000)	310,761	289,542	310,761	289,542
Basic (LPS)/ EPS attributable to equity holders of the Company (sen) ^(a)	(0.16)	0.48	(0.27)	1.91
(b) Diluted	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	30.06.2024 RM	30.06.2023 RM	30.06.2024 RM	30.06.2023 RM
(Loss)/ Profit after taxation attributable to owners of the Company (RM'000)	(505)	1,393	(836)	5,530
Weighted average number of ordinary shares in issue ('000)	310,761	289,542	310,761	289,542
Number of potential shares to be issued ('000) arising from the exercise of ESOS and warrants.	71,250	71,250	71,250	71,250
Diluted (LPS)/ EPS (sen) (b)	(0.13)	0.39	(0.22)	1.53

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		12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- under provision in prior year	4	-	39	-
- current year	290	199	329	221
Bad debts written off	3	-	3	134
Depreciation of property, plant and equipment	1,399	1,040	4,900	4,142
Amortisation of intangible assets	55	-	55	-
Depreciation of investment properties	29	29	117	117
Depreciation of right-of-use assets	61	56	259	406
Loss on disposal of property, plant and equipment	-	167	-	167
Interest expenses	1,276	664	3,624	1,664
Interest income	(34)	(60)	(251)	(183)
Impairment losses on trade receivables	1,036	681	1,037	708
Reversal of impairment losses on trade receivables/contract assets	(62)	-	(274)	-
Listing expenses	-	1,050	-	1,101
Property, plant & equipment written off	35	105	35	201
Realised loss on foreign exchange	356	106	743	122
Short term lease expenses	1,134	184	3,389	516
Rental income	(40)	(63)	(160)	(264)
Unrealised loss/(gain) on foreign exchange	1,033	(111)	1,597	277

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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