



**RESERVOIR LINK ENERGY BHD**

Company No. : 201401044508 (1120690-K)

(Incorporated in Malaysia)

**Interim Financial Report  
For The Financial Period Ended  
30 June 2021  
(2nd Quarter)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2021 <sup>(a)</sup>**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
REVENUE	28,533	16,536	40,416	39,393
COST OF SALES	(20,895)	(13,672)	(30,280)	(30,089)
<b>GROSS PROFIT</b>	<b>7,638</b>	<b>2,864</b>	<b>10,136</b>	<b>9,304</b>
OTHER INCOME	263	193	561	806
	7,901	3,057	10,697	10,110
ADMINISTRATIVE EXPENSES	(2,438)	(1,707)	(4,809)	(4,464)
<b>PROFIT FROM OPERATION</b>	<b>5,463</b>	<b>1,350</b>	<b>5,888</b>	<b>5,646</b>
FINANCE COSTS	(128)	(204)	(240)	(428)
WRITE-BACK OF IMPAIRMENT	-	35	-	10
LOSSES ON TRADE RECEIVABLES	-	-	-	-
<b>NET PROFIT BEFORE TAXATION</b>	<b>5,335</b>	<b>1,181</b>	<b>5,648</b>	<b>5,228</b>
INCOME TAX EXPENSES	(1,370)	(286)	(1,644)	(1,446)
<b>NET PROFIT AFTER TAXATION</b>	<b>3,965</b>	<b>895</b>	<b>4,004</b>	<b>3,782</b>
OTHER COMPREHENSIVE INCOME				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences	-	-	-	1
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>	<b>3,965</b>	<b>895</b>	<b>4,004</b>	<b>3,783</b>
<b>PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>				
Owners of the Group	3,952	887	4,050	3,609
Non-controlling interests	13	8	(46)	173
	<b>3,965</b>	<b>895</b>	<b>4,004</b>	<b>3,782</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-</b>				
Owners of the Group	3,952	887	4,050	3,610
Non-controlling interests	13	8	(46)	173
	<b>3,965</b>	<b>895</b>	<b>4,004</b>	<b>3,783</b>
<b>EARNING PER SHARE (SEN)</b>				
Basic <sup>(b)</sup>	1.39	0.39	1.42	1.58
Diluted <sup>(c)</sup>	1.11	N/A	1.14	N/A

**Notes:**

- (a) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2020 and the accompanying explanatory notes are an integral part of this interim financial report.
- (b) Based on the weighted average number of ordinary shares outstanding during the financial period/ year under review.
- (c) Based on the weighted average number of ordinary shares adjusted on the assumption that the warrants issued are fully exercised and converted into ordinary shares.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 <sup>(a)</sup>**

	(Unaudited) As at 30.06.2021 RM'000	(Audited) As at 31.12.2020 RM'000
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	26,463	22,805
Investment properties	5,107	5,166
Right-of-use assets	625	722
Other receivables	154	154
Deferred tax assets	1,851	3,507
	<u>34,200</u>	<u>32,354</u>
<b>CURRENT ASSETS</b>		
Inventories	8,790	13,197
Trade receivables	20,626	5,457
Other receivables, deposits and prepayments	3,866	1,549
Short-term investments	18,312	27,243
Fixed deposits with licensed banks	3,314	3,414
Cash and bank balances	7,114	1,896
	<u>62,022</u>	<u>52,756</u>
<b>TOTAL ASSETS</b>	<u><b>96,222</b></u>	<u><b>85,110</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	45,082	45,082
Foreign exchange translation reserve	886	886
Retained profits	36,629	32,579
Merger deficit	(15,779)	(15,779)
	<u>66,818</u>	<u>62,678</u>
Non-controlling interests	(21)	(55)
<b>TOTAL EQUITY</b>	<u>66,797</u>	<u>62,713</u>
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowings	6,594	7,006
Lease liabilities	245	380
Deferred tax liabilities	482	424
	<u>7,321</u>	<u>7,810</u>
<b>CURRENT LIABILITIES</b>		
Bank borrowings	802	788
Lease liabilities	403	360
Trade payables	13,106	1,615
Other payables and accruals	7,834	10,940
Provision for taxation	(41)	884
	<u>22,104</u>	<u>14,587</u>
<b>TOTAL LIABILITIES</b>	<u>29,425</u>	<u>22,397</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>96,222</b></u>	<u><b>85,110</b></u>
<b>Net asset per share <sup>(b)</sup> (RM)</b>	<b>0.23</b>	<b>0.25</b>

**Notes:**

(a) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

(b) Based on the Company's weighted number of ordinary shares in issue of 285,000,000 shares as at the end of the financial period.

(c) Based on the Company's weighted number of ordinary shares in issue of 254,323,969 shares as at the end of the financial year.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2021 <sup>(a)</sup>**

	Share Capital	Merger Deficit	Non-distributable Foreign Exchange Translation Reserve	Distributable Retained Profits	Attributable to owners of the Company	Non-controlling Interest	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Balance at 01.01.2021</b>	45,082	(15,779)	886	32,579	62,768	(55)	62,713
Contributions by and distribution to owners of the Company:-							
- Issuance of ordinary shares	-	-	-	-	-	-	-
- Changes in a subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	80	80
- Share issuance expenses	-	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	-	80	80
Profit after taxation for the financial year	-	-	-	4,050	4,050	(46)	4,004
Other comprehensive income for the financial period:	-	-	-	-	-	-	-
Foreign exchange translation difference	-	-	-	-	-	-	-
<b>Balance at 30.06.2021</b>	<b>45,082</b>	<b>(15,779)</b>	<b>886</b>	<b>36,629</b>	<b>66,818</b>	<b>(21)</b>	<b>66,797</b>

Note:

(a) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2020 and the accompanying explanatory notes are an integral part of this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2021 <sup>(a)</sup>**

	(Unaudited) Cumulative Year To Date 30.06.2021 RM'000	(Unaudited) Corresponding Year To Date 30.06.2020 RM'000
<b><u>Cash Flows from operating activities</u></b>		
Profit before tax	5,648	5,228
<b><u>Adjustments for:</u></b>		
Depreciation of property, plant and equipment	1,370	1,185
Depreciation of investment properties	58	62
Depreciation of right-of-use assets	197	-
Loss/(gain) on disposal of property, plant and equipment	6	(126)
Finance costs	240	445
Interest income	(276)	(103)
Unrealised loss/(gain) on foreign exchange	1	(9)
Property, plant and equipment written off	14	-
Reversal of allowance for impairment losses on receivable	-	(10)
<b>Operating profit before working capital changes</b>	<b>7,258</b>	<b>6,672</b>
Increase in inventories	4,409	(10,809)
Increase in trade and other receivables	(17,370)	3,951
Increase in trade and other payables	8,268	11,245
Decrease in amount owing to directors	-	(55)
<b>Cash from operations</b>	<b>2,565</b>	<b>11,004</b>
Interest expenses paid	(240)	(445)
Income tax paid	(855)	(1,253)
<b>Net cash from operating activities</b>	<b>1,470</b>	<b>9,306</b>
<b><u>Cash flows for investing activities</u></b>		
Interest income received	276	103
Purchase of property, plant and equipment	(5,130)	(3,098)
Proceeds from disposal of property, plant and equipment	82	-
Proceeds from disposal of investment property	-	1,225
(Increase)/decrease in money market fund	8,932	(3,892)
(Increase)/decrease in fixed deposits with licensed banks pledged to licensed banks	100	(178)
<b>Net cash for investing activities</b>	<b>4,260</b>	<b>(5,840)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2021 <sup>(a)</sup>**

	<b>(Unaudited) Cumulative Year To Date 30.06.2021 RM'000</b>	<b>(Unaudited) Corresponding Year To Date 30.06.2020 RM'000</b>
<b>Cash flows for financing activities</b>		
Drawdown of credit cards facilities	-	14
Proceeds from issuance of ordinary shares	-	902
Proceeds from NCI for increased ordinary shares	80	-
Drawdown of term loans	-	1,659
Repayment of credit cards facilities	(14)	-
Repayment of term loans	(384)	(600)
Repayment of lease liabilities	(194)	-
<b>Net cash for financing activities</b>	<b>(512)</b>	<b>1,975</b>
Net decrease in cash and cash equivalents	5,218	5,441
Cash and cash equivalents at beginning of the financial period	1,896	2,388
Effect of foreign exchange translation	-	20
Cash and cash equivalents at end of the financial period	7,114	7,849
<b>Cash and cash equivalents comprise the followings:</b>		
Fixed deposits with licensed banks	3,314	3,760
Cash and bank balances	7,114	7,849
Less: Fixed deposits with licensed banks more than 3 months	(3,314)	(3,760)
	7,114	7,849

*Note:*

- (a) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.*

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**PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING****A1. Basis of Preparation**

The condensed consolidated interim financial report (“**Interim Financial Report**”) of Reservoir Link Energy Berhad (“**RLEB**” or “**the Company**”) and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and Rule 9.22 of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Securities.

The Interim Financial Report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2020 and the accompanying notes attached to this Interim Financial Report.

**A2. Significant Accounting Policies**

The significant accounting policies adopted in the preparation of this Interim Financial Report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2020. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

The amendments to published standards effective for financial year beginning on 1 January 2021 that are applicable and adopted by the Group are as follows:

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

The adoption of the above amendments to published standards did not have any material impact on the financial statements of the Group upon their initial application.

The Group has not adopted the amendments to following standards that had been issued by the Malaysian Accounting Standards Board (“**MASB**”) which are effective in the following financial years:

- i. Financial year beginning on or after 1 April 2021:**
  - Amendments to MFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021
- ii. Financial year beginning on or after 1 January 2022:**
  - Amendments to MFRS 3 Reference to the Conceptual Framework
  - Amendments to MFRS 116 Property, Plant and Equipment-Proceeds before intended Use
  - Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract
  - Annual Improvements to MFRS Standards 2018-2020:
    - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
    - Amendments to MFRS 9 Financial Instruments
    - Amendments to MFRS 141 Agriculture
- iii. Financial year beginning on or after 1 January 2023:**
  - Amendments to MFRS 17 Insurance Contracts
  - Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current
  - Amendments to MFRS 101 Disclosure of Accounting Policies
  - Amendments to MFRS 108 Definition of Accounting Estimates
  - Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

**iv. Effective date yet to be determined:**

- Amendments to MFRS 10 and MFRS 128

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

**A3. Auditors' Report**

The audited financial statements of the Group for the financial year ended 31 December 2020 was not subject to any qualification.

**A4. Seasonal or Cyclical Factors**

The business operations of the Group were not affected by seasonal or cyclical factors.

**A5. Material Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group during the current financial quarter under review.

**A6. Material Changes in Estimates**

There were no material changes in the estimates that have a material effect to the Group in the current financial quarter under review.

**A7. Debt and Equity Securities**

Save as disclosed in Note B6, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and current financial period-to-date.

**A8. Dividend**

There was no dividend paid for the current quarter under review.

The Board of Directors of the Company proposed a single tier interim dividend of 0.5 sen per share in respect of the financial year ending 31 December 2021.

The entitlement date is fixed on 24 September 2021 and payment will be made on 15 October 2021.

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**A9. Segmental Reporting**

The Group's segment information for the current financial period ended 30 June 2021 is as follows:

**(I) The Results of the Current Quarter Compared to the Results of the Corresponding Quarter**

<b>Revenue</b>	<b>(Unaudited) Current Quarter 30.06.2021 RM'000</b>	<b>(Unaudited) Corresponding Quarter 30.06.2020 RM'000</b>	<b>Variance RM'000</b>	<b>Variance %</b>
<b>O&amp;G Well Services</b>	<b>28,533</b>	<b>16,465</b>	<b>12,068</b>	<b>73%</b>
Well leak repair	3,673	3,522	151	4%
Well perforation	10,043	5,362	4,681	87%
Well testing	-	2,675	(2,675)	(100%)
Wash and cement	13,718	3,976	9,742	>100%
Wireline services	44	585	(541)	(93%)
O&G production enhancement	1,055	345	710	>100%
<b>Other Services</b>	<b>-</b>	<b>71</b>	<b>(71)</b>	<b>(100%)</b>
<b>Total</b>	<b>28,533</b>	<b>16,536</b>	<b>11,997</b>	<b>73%</b>

<b>Gross Profit</b>	<b>(Unaudited) Current Quarter 30.06.2021 RM'000</b>	<b>(Unaudited) Corresponding Quarter 30.06.2020 RM'000</b>	<b>Variance RM'000</b>	<b>Variance %</b>
<b>O&amp;G Well Services</b>	<b>7,638</b>	<b>2,830</b>	<b>4,808</b>	<b>&gt;100%</b>
Well leak repair	595	1,599	(1,004)	(63%)
Well perforation	3,122	(13)	3,135	>(100%)
Well testing	(396)	58	(454)	>(100%)
Wash and cement	4,082	1,115	2,967	>100%
Wireline services	(43)	(57)	14	(24%)
O&G production enhancement	278	128	150	>100%
<b>Other Services</b>	<b>-</b>	<b>34</b>	<b>(34)</b>	<b>(100%)</b>
<b>Total</b>	<b>7,638</b>	<b>2,864</b>	<b>4,774</b>	<b>&gt;100%</b>

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

<b>Revenue</b>	<b>(Unaudited) Current Quarter 30.06.2021 RM'000</b>	<b>(Unaudited) Preceding Quarter 31.03.2021 RM'000</b>	<b>Variance RM'000</b>	<b>Variance %</b>
<b>O&amp;G Well Services</b>	<b>28,533</b>	<b>11,883</b>	<b>16,650</b>	<b>&gt;100%</b>
Well leak repair	3,673	2,501	1,172	47%
Well perforation	10,043	4,143	5,900	>100%
Well testing	-	36	(36)	(100%)
Wash and cement	13,718	4,792	8,926	>100%
Wireline services	44	-	44	0%
O&G production enhancement	1,055	411	644	>100%
<b>Other Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Total</b>	<b>28,533</b>	<b>11,883</b>	<b>16,650</b>	<b>&gt;100%</b>

<b>Gross Profit</b>	<b>(Unaudited) Current Quarter 30.06.2021 RM'000</b>	<b>(Unaudited) Preceding Quarter 31.03.2021 RM'000</b>	<b>Variance RM'000</b>	<b>Variance %</b>
<b>O&amp;G Well Services</b>	<b>7,638</b>	<b>2,498</b>	<b>5,140</b>	<b>&gt;100%</b>
Well leak repair	595	1,057	(462)	(44%)
Well perforation	3,122	618	2,504	>100%
Well testing	(396)	(336)	(60)	18%
Wash and cement	4,082	1,279	2,803	>100%
Wireline services	(43)	(118)	75	(63%)
O&G production enhancement	278	(2)	280	>(100%)
<b>Other Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Total</b>	<b>7,638</b>	<b>2,498</b>	<b>5,140</b>	<b>&gt;100%</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 30.06.2021 RM'000	(Unaudited) As at 30.06.2020 RM'000
<b>Approved and contracted for:</b>		
Purchase of equipment	2,660	1,511
<b>Approved but not contracted for:</b>		
Purchase of equipment	2,471	10,013

**A12. Contingent Assets and Liabilities**

The Group's contingent liabilities were as follow:

	(Unaudited) As at 30.06.2021 RM'000	(Unaudited) As at 30.06.2020 RM'000
Bank guarantee for performance	6,793	9,997
Bank guarantee for tenancy agreement	86	70
Letter of credit for purchase of well testing equipment	-	1,264
	<b>6,879</b>	<b>11,331</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**

- (i) The Company had on 13 January 2021 incorporated a 100% owned subsidiary company in Malaysia with the name RL Healthcare Sdn. Bhd. (202101001506) with total issued and paid up share capital of RM2 comprising of 2 ordinary shares. The intended principal activity of RL Healthcare Sdn. Bhd. is to engage in the business of trading and investment holding;
- (ii) Reservoir Link Renewable Sdn. Bhd., a wholly-owned subsidiary of the Group, had on 29 March 2021 incorporated a 100% owned subsidiary company in Malaysia with the name RL Sigma Engineering Sdn. Bhd. (202101011322) with total issued and paid up share capital of RM2 comprising of 2 ordinary shares. The intended principal activity of RL Sigma Engineering Sdn. Bhd. is to engage in the business of renewable energy and related services.
- (iii) As announced on 11 August 2021, shareholders of RLEB have approved the acquisition of 51% equity interest in Founder Energy Sdn Bhd ("**Founder**"). Upon completion, Founder will become a subsidiary company of the Group.

Save as disclosed in the above and in Note B5, there were no changes in the composition of the Group during the current financial quarter and financial period-to-date under review.

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**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 30.06.2021 RM'000	(Unaudited) Corresponding Quarter 30.06.2020 RM'000	Variance RM'000	Variance %
Revenue	28,533	16,536	11,997	73%
Profit before taxation (“PBT”)	5,335	1,181	4,154	>100%

For the current financial quarter ended 30 June 2021 (“CQ”), the Group registered revenue of RM28.53 million. The Group revenue increased by RM12.00 mil or 73% as compared to previous year corresponding quarter ended 30 June 2020 (“PYCQ”). The increase in revenue was mainly due to recognition of revenue arise from increase in number of jobs in Mauritania. In line with the increase in revenue, the PBT has also improved accordingly.

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

	(Unaudited) Cumulative Year-to-Date 30.06.2021 RM'000	(Unaudited) Corresponding Year-to-Date 30.06.2020 RM'000	Variance RM'000	Variance %
Revenue	40,416	39,393	1,023	3%
PBT	5,648	5,228	420	8%

For the year to date current year ended 30 June 2021 (“YTDCY”), The Group recorded revenue of RM40.42 million. The Group revenue increased marginally by RM1.02 mil or 3% as compared to previous year corresponding year to date ended 30 June 2020 (“YTDPY”). The Group’s PBT increased by RM0.42 million in YTDCY. Both of the increase in revenue and PBT were due to the recognition of the revenue from our perforating, wash and cement contract in Mauritania in YTDCY.

(c) CQ vs Previous Quarter (“PQ”).

	(Unaudited) Current Quarter 30.06.2021 RM'000	(Unaudited) Previous Quarter 31.03.2021 RM'000	Variance RM'000	Variance %
Revenue	28,533	11,883	16,650	>100%
PBT	5,335	313	5,022	>100%

The Group revenue for the CQ increased RM16.65 million to RM28.53 million as compared to the PQ. The increase in revenue is due to the reason as discussed in note B1(a) above.

The Group's PBT increased by RM5.02 million in CQ. The increase in PBT was in line with the increase in revenue in CQ.

## **B2. Commentary on Prospects**

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

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

Despite the economic slowdown and soft oil and gas industry activities due to the outbreak of Covid-19 at the beginning of 2020, the Group managed to secure new contracts since the listing of the Company on the ACE Market of Bursa Securities as follows:

- (i) As announced on 13 October 2020, the Group received from PTTEP HK Offshore Limited, PTTEP Sabah Oil Limited and PTTEP Sarawak Oil Limited, a letter of award for the Provision of Downhole Mechanical Heating Equipment and Services for Production Operation with contract duration of two (2) years effective from 28 August 2020 and will expire on 27 August 2022;
- (ii) As announced on 18 December 2020, the Group received from PC Mauritania 1 Pty Ltd ("PCMPL") a letter of award for the Provision of Perforation and Wash for Abandonment and Decommissioning of Chinguetti and Banda Fields, offshore Mauritania. The estimated contract period is nine (9) months unless extended or earlier terminated in accordance with the terms and conditions of the contract;
- (iii) 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; and
- (iv) As announced on 14 April 2021, the Group was appointed by PETRONAS as an umbrella contractor for the provision of completion of new technology equipment and services for a period of five (5) years until 10 December 2025 unless terminated in accordance with the terms of the appointment.

Further, the completion of acquisition of Founder, as disclosed in note B5, is expected to contribute positively to the earnings of the Group as the vendor has given a profit guarantee of RM13.8 million for the next 24 months from the completion of date.

The Group will continue to actively participate in tenders for oil and gas wells services. The Group will also continue to undertake and implement its business strategies cautiously to sustain its growth in order to deliver a satisfactory performance in the financial year 2021.

**B3. Profit Forecast**

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

**B4. Income Tax Expenses**

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Quarter Ended 3 months 30.06.2021 RM'000	(Unaudited) Corresponding Quarter Ended 3 months 30.06.2020 RM'000	(Unaudited) Current Year To Date 6 months 30.06.2021 RM'000	(Unaudited) Corresponding Year To Date 6 months 30.06.2020 RM'000
Income tax	1,243	(191)	1,574	668
Deferred tax	127	477	70	778
	1,370	286	1,644	1,446
Effective tax rate <sup>(b)</sup>	25.7%	24.2%	29.1%	27.7%

Notes:

- (a) Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the current period.
- (b) The effective tax rate ("ETR") is computed by dividing tax expense by PBT for the financial period. The ETR of the Group for the current period were higher than the statutory tax rate was mainly due to non-deductibility of certain expenses for tax purposes.

**B5. Status of Corporate Proposals****(a) Bonus Issue of Warrants and Employees' Share Option Scheme**

On 4 February 2021, the Company announced the following:

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

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

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

**(b) Proposed Acquisition**

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

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

As announced on 11 August 2021, shareholders of RLEB have approved the acquisition of 51% equity interest in Founder Energy Sdn Bhd (“Founder”). Upon completion, Founder will become a subsidiary company of the Group.

#### B6. Utilisation of Proceeds Raised from the Public Issue

The gross proceeds raised from the Public Issue of RM23.42 million are intended to be utilised in the following manner:

No.	Purpose	Proposed Utilisation	Actual Utilisation Up to 30 June 2021	Transfer	Balance Unutilised	Estimated Timeframe for Utilisation (from the date of Listing)
		RM'000	RM'000	RM'000	RM'000	
1	Repayment of bank borrowings	5,000	(5,000)	-	-	Within 6 months
2	Estimated listing expenses	3,500	(3,205)	(295) <sup>(2)</sup>	-	Immediate
3	Capital expenditure	10,000	(5,138)	-	4,862	Within 24 months
4	Working capital	4,922	(5,217)	295 <sup>(2)</sup>	-	Within 12 months
		<b>23,422</b>	<b>(18,560)</b>	<b>-</b>	<b>4,862</b>	

Notes:

- (1) The utilisation of proceeds as disclosed above should be read in conjunction with the prospectus dated 25 June 2020.
- (2) The unutilised balance of RM295,000 allocated for listing-related expenses had been re-allocated to the working capital during the 3-month financial period ended 31 March 2021 as the actual listing-related expenses incurred are lower than the budgeted listing-related expenses.

#### B7. Bank Borrowings

	Unaudited	
	As at 30.06.2021 RM'000	As at 30.06.2020 RM'000
<b>Secured</b>		
Current liabilities:		
Term loans	697	1,643
	697	1,643
Non-current liability:		
Term loans	6,444	10,609
<b>Non-secured</b>		
Current liabilities:		
Credit cards	19	46
Term loans	86	59
	106	105
Non-current liability:		
Term loans	150	231



	<b>Unaudited</b>	
	<b>As at 30.06.2021 RM'000</b>	<b>As at 30.06.2020 RM'000</b>
<b>Total borrowings:</b>		
Credit cards	19	46
Term loans	7,376	12,542
	<b>7,396</b>	<b>12,588</b>

**B8. Material Litigation**

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

**B9. Earnings per Share (“EPS”)**

<b>(a) Basic</b>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>(Unaudited) 3 months ended</b>		<b>(Unaudited) 6 months ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
Profit after taxation attributable to owners of the Company (RM'000)	3,952	887	4,050	3,609
Weighted average number of ordinary shares in issue ('000)	285,000	227,874	285,000	227,874
Basic EPS attributable to equity holders of the Company (sen) <sup>(a)</sup>	1.39	0.39	1.42	1.58
<b>(b) Diluted</b>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>(Unaudited) 3 months ended</b>		<b>(Unaudited) 6 months ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
(Loss)/ Profit after taxation attributable to owners of the Company (RM'000)	3,952	887	4,050	3,609
Weighted average number of ordinary shares in issue ('000)	285,000	N/A	285,000	N/A
Number of potential shares to be issued ('000) arising from the exercise of warrants.	71,250	N/A	71,250	N/A
Diluted EPS (sen) <sup>(b)</sup>	1.11	N/A	1.14	N/A

**Notes:**

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

**B10. Profit Before Tax**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit before tax is arrived at after charging/(crediting):</b>				
Auditors' remuneration				
- under provision in prior year	-	-	-	8
Depreciation of property, plant and equipment	695	609	1,370	1,185
Depreciation of investment properties	29	29	58	62
Depreciation of right-of-use assets	98	-	197	-
Gain on disposal of property, plant and equipment	-	-	-	(126)
Interest expenses	128	221	240	445
Interest income	(135)	(67)	(276)	(103)
Listing expenses	-	1	-	69
Loss on disposal of plant and equipment	-	-	6	-
Realised loss/(gain) on foreign exchange	(75)	(6)	(111)	56
Short term lease expenses	24	20	47	44
Rental income	(65)	(56)	(134)	(122)
Unrealised loss/(gain) on foreign exchange	46	(82)	1	(9)

**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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