



**RESERVOIR LINK ENERGY BHD**

Company No. : 201401044508 (1120690-K)

(Incorporated in Malaysia)

**Interim Financial Report  
For The Financial Period Ended  
31 March 2022  
(1st Quarter)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2022 <sup>(a)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
REVENUE	6,476	11,883	6,476	11,883
COST OF SALES	(6,749)	(9,385)	(6,749)	(9,385)
<b>GROSS (LOSS)/PROFIT</b>	<b>(273)</b>	<b>2,498</b>	<b>(273)</b>	<b>2,498</b>
OTHER INCOME	263	298	263	298
	(10)	2,796	(10)	2,796
ADMINISTRATIVE EXPENSES	(3,813)	(2,371)	(3,813)	(2,371)
<b>(LOSS)/PROFIT FROM OPERATION</b>	<b>(3,823)</b>	<b>425</b>	<b>(3,823)</b>	<b>425</b>
FINANCE COSTS	(99)	(112)	(99)	(112)
IMPAIRMENT LOSSES ON TRADE RECEIVABLES	(212)	-	(212)	-
<b>NET (LOSS)/PROFIT BEFORE TAXATION</b>	<b>(4,134)</b>	<b>313</b>	<b>(4,134)</b>	<b>313</b>
INCOME TAX EXPENSES	814	(274)	814	(274)
<b>NET (LOSS)/PROFIT AFTER TAXATION</b>	<b>(3,320)</b>	<b>39</b>	<b>(3,320)</b>	<b>39</b>
OTHER COMPREHENSIVE INCOME				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences	-	-	-	-
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD</b>	<b>(3,320)</b>	<b>39</b>	<b>(3,320)</b>	<b>39</b>
<b>(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>				
Owners of the Group	<b>(3,109)</b>	<b>98</b>	<b>(3,109)</b>	<b>98</b>
Non-controlling interests	(211)	(59)	(211)	(59)
	<b>(3,320)</b>	<b>39</b>	<b>(3,320)</b>	<b>39</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:-</b>				
Owners of the Group	<b>(3,109)</b>	<b>98</b>	<b>(3,109)</b>	<b>98</b>
Non-controlling interests	(211)	(59)	(211)	(59)
	<b>(3,320)</b>	<b>39</b>	<b>(3,320)</b>	<b>39</b>
<b>(LOSS)/EARNING PER SHARE (SEN)</b>				
Basic <sup>(b)</sup>	(1.07)	0.03	(1.07)	0.03
Diluted <sup>(c)</sup>	(0.86)	0.03	(0.86)	0.03

**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 2021 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.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 <sup>(a)</sup>**

	<b>Unaudited As At 31.03.2022 RM'000</b>	<b>Audited As At 31.12.2021 RM'000</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	29,623	29,453
Investment properties	5,020	5,049
Right-of-use assets	541	663
Other receivables	134	134
Deferred tax assets	2,549	1,192
Goodwill	13,973	13,973
	<u>51,840</u>	<u>50,464</u>
<b>CURRENT ASSETS</b>		
Inventories	8,606	7,634
Trade receivables	6,457	13,847
Other receivables, deposits and prepayments	6,881	1,827
Amount owing by related parties	4,097	3,262
Tax recoverable	1,370	633
Contract Assets	2,190	2,790
Short-term investments	3,560	5,031
Fixed deposits with licensed banks	1,846	3,630
Cash and bank balances	14,581	13,491
	<u>49,588</u>	<u>52,145</u>
<b>TOTAL ASSETS</b>	<b><u>101,428</u></b>	<b><u>102,609</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	47,968	47,968
Foreign exchange translation reserve	886	886
Retained profits	38,775	41,884
Contingent consideration	3,910	3,910
Merger deficit	(15,779)	(15,779)
	<u>75,760</u>	<u>78,869</u>
Non-controlling interests	2,404	2,615
<b>TOTAL EQUITY</b>	<b><u>78,164</u></b>	<b><u>81,484</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowings	9,111	6,186
Lease liabilities	442	228
Deferred tax liabilities	1,999	1,276
	<u>11,552</u>	<u>7,690</u>
<b>CURRENT LIABILITIES</b>		
Bank borrowings	2,125	842
Lease liabilities	121	460
Trade payables	8,577	9,564
Other payables and accrual	675	2,022
Provision for taxation	214	547
	<u>11,712</u>	<u>13,435</u>
<b>TOTAL LIABILITIES</b>	<b><u>23,264</u></b>	<b><u>21,125</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>101,428</u></b>	<b><u>102,609</u></b>
<b>Net asset per share (RM)</b>	<b>0.27<sup>(b)</sup></b>	<b>0.28<sup>(c)</sup></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 2021 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.
- (c) Based on the Company's issued share capital of 290,445,000 ordinary shares as at the end of the financial period.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2022 <sup>(a)</sup>**

	Share Capital	Merger Deficit	Non-distributable Foreign Exchange Translation Reserve	Non-distributable Contingent Consideration	Distributable Retained Profits	Attributable to owners of the Company	Non-controlling Interest	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Balance at 01.01.2022</b>	47,968	(15,779)	886	3,910	41,884	78,869	2,615	81,484
Contributions by and distribution to owners of the Company:-								
- Issuance of ordinary shares	-	-	-	-	-	-	-	-
- Share issuance expenses	-	-	-	-	-	-	-	-
- Dividends	-	-	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	-	-	-	-
(Loss)/profit after taxation for the financial year	-	-	-	-	(3,109)	(3,109)	(211)	(3,320)
Other comprehensive income for the financial period:								
Foreign exchange translation difference	-	-	(0)	-	-	-	-	-
<b>Balance at 31.03.2022</b>	<b>47,968</b>	<b>(15,779)</b>	<b>886</b>	<b>3,910</b>	<b>38,775</b>	<b>75,760</b>	<b>2,404</b>	<b>78,164</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 2021 and the accompanying explanatory notes are an integral part of this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2022 <sup>(a)</sup>**

	(Unaudited) Cumulative Year To Date 31.03.2022 RM'000	(Unaudited) Corresponding Year To Date 31.03.2021 RM'000
<b><u>Cash Flows for operating activities</u></b>		
(Loss)/profit before tax	(4,134)	313
<b><u>Adjustments for:</u></b>		
Depreciation of property, plant and equipment	947	675
Depreciation of investment properties	29	29
Depreciation of right-of-use assets	122	99
Loss on disposal of property, plant and equipment	-	6
Interest expenses	99	112
Interest income	(48)	(141)
Unrealised gain on foreign exchange	(61)	(45)
Property, plant and equipment written off	3	-
Allowance for impairment losses on trade receivable	212	-
<b>Operating (loss)/profit before working capital changes</b>	<b>(2,831)</b>	<b>1,048</b>
(Increase)/Decrease in inventories	(972)	1,187
Decrease/(Increase) in receivables	2,524	(2,314)
Decrease in payables	(2,693)	(503)
Decrease in contract assets	600	-
Increase in related parties balances	(835)	-
<b>Cash for operations</b>	<b>(4,207)</b>	<b>(582)</b>
Interest expenses paid	(99)	(112)
Income tax paid	(891)	(440)
<b>Net cash for operating activities</b>	<b>(5,197)</b>	<b>(1,134)</b>
<b><u>Cash flows from investing activities</u></b>		
Interest income received	48	141
Purchase of property, plant and equipment	(1,119)	(1,773)
Proceeds from disposal of property, plant and equipment	-	67
Proceeds from disposal of short-term investments	1,471	2,374
Decrease in pledged fixed deposits with licensed banks	1,784	409
<b>Net cash from investing activities</b>	<b>2,184</b>	<b>1,218</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2022 <sup>(a)</sup>**

	<b>(Unaudited) Cumulative Year To Date 31.03.2022 RM'000</b>	<b>(Unaudited) Corresponding Year To Date 31.03.2021 RM'000</b>
<b>Cash flows from/(for) financing activities</b>		
Net drawdown/(repayment)of borrowings	4,088	(178)
Repayment of lease liabilities	(104)	(124)
<b>Net cash from/(for) financing activities</b>	<b>3,984</b>	<b>(302)</b>
Net increase/(decrease) in cash and cash equivalents	971	(218)
Cash and cash equivalents at beginning of the financial period	13,491	1,896
Cash and cash equivalents at end of the financial period	14,462	1,678
<b>Cash and cash equivalents comprise the followings:</b>		
Fixed deposits with licensed banks	1,846	3,005
Cash and bank balances	14,462	1,678
Less: Fixed deposits with licensed banks more than 3 months	(1,846)	(3,005)
	14,462	1,678

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 2021 and the accompanying explanatory notes attached to this interim financial report.*

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

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

The Interim Financial Report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2021 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 2021. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

The amendments to published standards effective for financial year beginning on 1 January 2022 that are applicable and adopted by the Group are as follows:

Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020:	
-Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
-Amendments to MFRS 9	Financial Instruments
-Amendments to MFRS 141	Agriculture

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

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

**i. Financial year beginning on or after 1 January 2023:**

- |                          |  |
|--------------------------|--|
| • Amendments to MFRS 17  | Insurance Contracts  |
| • Amendments to MFRS 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 |

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

- |                                      |   |
|--------------------------------------|---|
| • Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
|--------------------------------------|---|

**A3. Auditors' Report**

The audited financial statements of the Group for the financial year ended 31 December 2021 was not subject to any qualification.

**A4. Seasonal or Cyclical Factors**

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

**A5. Material Unusual Items**

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

**A6. Material Changes in Estimates**

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

**A7. Debt and Equity Securities**

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

**A8. Dividend**

There was no dividend declared in the current quarter under review.

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**A9. Segmental Reporting**

The Group's segment information for the current financial period ended 31 March 2022 is as follows:

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

Revenue	(Unaudited)	(Unaudited)	Variance	Variance
	Current Quarter	Correspondence Quarter		
	31.03.2022	31.03.2021		
	RM'000	RM'000	RM'000	%
<b>O&amp;G Well Services</b>	<b>4,094</b>	<b>11,883</b>	<b>(7,789)</b>	<b>(66%)</b>
Well leak repair	1,863	2,501	(638)	(26%)
Well perforation	771	4,143	(3,372)	(81%)
Well testing	-	36	(36)	(100%)
Wash and cement	-	4,792	(4,792)	(100%)
Wireline services	(22)	-	(22)	0%
O&G production enhancement	1,482	411	1,071	>100%
<b>Renewal Energy</b>	<b>2,120</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Other Services</b>	<b>262</b>	<b>-</b>	<b>262</b>	<b>0%</b>
<b>Total</b>	<b>6,476</b>	<b>11,883</b>	<b>(7,527)</b>	<b>(63%)</b>

Gross (Loss)/Profit	(Unaudited)	(Unaudited)	Variance	Variance
	Current Quarter	Correspondence Quarter		
	31.03.2022	31.03.2021		
	RM'000	RM'000	RM'000	%
<b>O&amp;G Well Services</b>	<b>(865)</b>	<b>2,498</b>	<b>(3,363)</b>	<b>&gt;(100%)</b>
Well leak repair	215	1,057	(842)	>80%
Well perforation	(510)	618	(1,128)	>(100%)
Well testing	(551)	(336)	(215)	64%
Wash and cement	-	1,279	(1,279)	>(100%)
Wireline services	(312)	(118)	(194)	>100%
O&G production enhancement	293	(2)	295	>(100%)
<b>Renewal Energy</b>	<b>619</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Other Services</b>	<b>(27)</b>	<b>-</b>	<b>(27)</b>	<b>0%</b>
<b>Total</b>	<b>(273)</b>	<b>2,498</b>	<b>(3,390)</b>	<b>&gt;(100%)</b>

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

Revenue	(Unaudited)	(Unaudited)	Variance	Variance
	Current	Preceding		
	Quarter	Quarter		
	31.03.2022	31.12.2021	RM'000	%
	RM'000	RM'000	RM'000	
<b>O&amp;G Well Services</b>	<b>4,094</b>	<b>15,066</b>	<b>(10,972)</b>	<b>(73%)</b>
Well leak repair	1,863	3,527	(1,664)	(47%)
Well perforation	771	4,820	(4,049)	(84%)
Well testing	-	412	(412)	(100%)
Wash and cement	-	1,975	(1,975)	(100%)
Wireline services	(22)	160	(182)	>(100%)
O&G production enhancement	1,482	4,172	(2,690)	(64%)
<b>Renewal Energy</b>	<b>2,120</b>	<b>18,528</b>	<b>(16,408)</b>	<b>(89%)</b>
<b>Other Services</b>	<b>262</b>	<b>243</b>	<b>19</b>	<b>8%</b>
<b>Total</b>	<b>6,476</b>	<b>33,837</b>	<b>(27,361)</b>	<b>(81%)</b>

Gross (Loss)/Profit	(Unaudited)	(Unaudited)	Variance	Variance
	Current	Preceding		
	Quarter	Quarter		
	31.03.2022	31.12.2021	RM'000	%
	RM'000	RM'000	RM'000	
<b>O&amp;G Well Services</b>	<b>(865)</b>	<b>4,865</b>	<b>(5,730)</b>	<b>&gt;(100%)</b>
Well leak repair	215	1,388	(1,173)	(85%)
Well perforation	(510)	1,644	(2,154)	>(100%)
Well testing	(551)	(206)	(345)	>100%
Wash and cement	-	84	(84)	>(100%)
Wireline services	(312)	(81)	(231)	>100%
O&G production enhancement	293	2,036	(1,743)	(86%)
<b>Renewal Energy</b>	<b>619</b>	<b>2,369</b>	<b>(1,750)</b>	<b>(74%)</b>
<b>Other Services</b>	<b>(27)</b>	<b>(20)</b>	<b>(7)</b>	<b>35%</b>
<b>Total</b>	<b>(273)</b>	<b>7,214</b>	<b>(7,487)</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**

	<b>(Unaudited) As at 31.03.2022 RM'000</b>	<b>(Unaudited) As at 31.03.2021 RM'000</b>
<b>Approved and contracted for:</b>		
Purchase of equipment	2,462	5,194
<b>Approved but not contracted for:</b>		
Purchase of equipment	2,521	3,200

**A12. Contingent Assets and Liabilities**

The Group's contingent liabilities were as follow:

	<b>(Unaudited) As at 31.03.2022 RM'000</b>	<b>(Unaudited) As at 31.03.2021 RM'000</b>
Bank guarantee for performance	2,823	7,348
Bank guarantee for tenancy agreement	86	86
	<b>2,909</b>	<b>7,434</b>

There were no contingent assets of a material nature to be disclosed at the end of the financial period.

**A13. Changes in Composition of the Group**

There were no changes in the composition of the Group, save as disclosed below:

- (i) The Company had on 18 April 2022 incorporated a 100% owned subsidiary company in Malaysia with the name RL Sunseap Energy Sdn. Bhd. (Company No: 202201014140) with total issued and paid up share capital of RM2 comprising of 2 ordinary shares. The intended principal activity of RL Sunseap Energy Sdn. Bhd. is to engage in the business of renewable energy investment. As announced on 28 April 2022, Reservoir Link Renewable Sdn Bhd (“**RLR**”) had executed a term sheet with Sunseap Energy (Malaysia) Sdn Bhd (“**SSEM**”) for the joint venture between both parties, to jointly carry out business in developing, building, owning and operating rooftop and ground mounted solar PV projects in Malaysia.
- (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.

**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 31.03.22 RM'000	(Unaudited) Corresponding Quarter 31.03.21 RM'000	Variance RM'000	Variance %
Revenue	6,476	11,883	(5,407)	(46%)
Loss before taxation (“LBT”) / Profit before taxation (“PBT”)	(4,134)	313	(4,447)	>(100%)

For the current financial quarter ended 31 March 2022, the Group registered revenue of RM6.5 million. The Group revenue decreased by RM5.4 million or 46% as compared to previous year corresponding quarter ended 31 March 2021. The decline in revenue was mainly due to the lower and delayed activities from both oil and gas and renewal energy segments. PBT has declined by RM4.4 million in CQ mainly due to lower revenue and completion of Mauritania project in October 2021.

(b) CQ vs Previous Quarter (“PQ”).

	(Unaudited) Current Quarter 31.03.22 RM'000	(Unaudited) Previous Quarter 31.12.21 RM'000	Variance RM'000	Variance %
Revenue	6,476	33,837	(27,361)	(81%)
LBT / PBT	(4,134)	2,176	(6,310)	>(100%)

The Group revenue for the CQ decreased by RM27.4 million to RM6.5 million as compared to the PQ. The decrease in revenue is due to the reason as discussed in note B1(a) above.

The Group’s PBT decreased by RM6.3 million in CQ. The decrease in PBT was in line with the decrease in revenue in CQ.

**B2. Commentary on Prospects**

The Group stands together with Malaysia and the rest of the world in mitigating the impact of the COVID-19 pandemic that has brought about unprecedented changes and challenges to business and daily lives. The Group remain committed in upholding our responsibility to ensure the well-being of our people, whilst maintaining safe and optimal operation of our businesses across the value chain.

With the nation's vaccination progress approaching 80% in early February this year and the country is slowly embracing the notion of living with COVID-19 under the new normal, Malaysia will commence its transition to the endemic phase as an exit strategy that would allow Malaysians to return to near-normal life after nearly two years of battling the Covid-19 pandemic. The recovery of the Oil and Gas sector is more visible now and the increasing demand for the commodity with the capital discipline exercised by oil producers is expected to keep the commodity price at a stable level. The increase in global rig count is expected to cascade to Asia and Malaysia especially.

With the business environment slowly recovering, the Group will seek opportunities to identify and establish new business prospects to further strengthen the performance of the Group as the market fully recovers and to promote long term sustainability.

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

- (i) As announced on 13 October 2020, the Group received from PTTEP HK Offshore Limited, PTTEP Sabah Oil Limited and PTTEP Sarawak Oil Limited, a letter of award for the Provision of Downhole Mechanical Heating Equipment and Services for Production Operation with contract duration of two (2) years effective from 28 August 2020 and will expire on 27 August 2022;
- (ii) As announced on 12 April 2021, the Group received a letter of award from PETRONAS Carigali Sdn Bhd for the provision of well leak repair equipment and service for a period of 3 years from 22 March 2021 to 22 March 2024;
- (iii) As announced on 14 April 2021, the Group was appointed by PETRONAS as an umbrella contractor for the provision of completion of new technology equipment and services for a period of five (5) years from 11 December 2020 to 10 December 2025;
- (iv) As announced on 26 August 2021, the Group received a letter of award from Roc Oil (Sarawak) Sdn. Bhd. for the contract in relation to provision of perforation services for D35, D21 and J4 drilling and production phase (2021-2022) for period of two (2) years from 13 August 2021 to 12 August 2023 with one (1) year extension option;
- (v) As announced on 7 September 2021, the Group received a purchase order from Solar Bina Engineering Sdn Bhd for subcontracting works of installation, testing and communication of PV modules, inverter, DC cables and associated works for proposed development of Large Scale Solar Photovoltaic project of 100 MWac at Lot PT 14020, kg Jambu Bongkok, Marang, Terengganu; and
- (vi) As announced on 28 September 2021, the Group received a letter of award from Sarawak Shell Berhad/Sabah Shell Petroleum Company Limited 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.
- (vii) 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;

- (viii) 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;

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 2022.

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**B3. Profit Forecast**

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

**B4. Income Tax Expenses**

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Quarter Ended 3 months 31.03.2022 RM'000	(Unaudited) Corresponding Quarter Ended 3 months 31.03.2021 RM'000	(Unaudited) Current Year To Date 3 months 31.03.2022 RM'000	(Unaudited) Corresponding Year To Date 3 months 31.03.2021 RM'000
Income tax	13	331	13	331
Deferred tax	(827)	(57)	(827)	(57)
	(814)	274	(814)	274
Effective tax rate ("ETR") <sup>(a)</sup>	-	87.5%	-	87.5%

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 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) Proposed Transfer and Proposed Amendments**

As announced 28 September 2021, the Group proposed to undertake the following:

- (i) Proposed transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Securities ("**Proposed Transfer**"); and
- (ii) Proposed amendment to the Constitution of the Company and the By-Laws of its ESOS to facilitate the implementation of the Proposed Transfer ("**Proposed Amendment**").

The circular of the Proposed Amendment has been despatched to shareholders on 28 October 2021 and approved on 19 November 2021.

**(b) Proposed Joint Venture**

During the quarter under review, the Group has formed two joint ventures. For further detail, please refer to Note A13.



**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 RM'000	Actual Utilisation up to 31 March 2022 RM'000	Transfer RM'000	Balance Unutilised RM'000	Estimated Timeframe for Utilisation
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 (LWWT equipment)	10,000	(7,186)	(2,814) <sup>(3)</sup>	-	Within 24 months
4	Capital expenditure (Solar equipment)	-	-	2,814 <sup>(3)</sup>	2,814	Within 12 months
5	Working capital	4,922	(5,217)	295 <sup>(2)</sup>	-	Within 12 months
		<b>23,422</b>	<b>(20,608)</b>	<b>-</b>	<b>2,814</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.
- (3) The unutilised balance of RM2,814,000 allocated for capital expenditure for light weight well testing (LWWT) equipment had been re-allocated to the capital expenditure for solar equipment as the actual capital expenditure for LWWT equipment are lower than the budgeted figures. The estimated timeframe for utilisation of capital expenditure for solar equipment is within 12 months from 1<sup>st</sup> April 2022.

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**B7. Bank Borrowings**

	<b>Unaudited</b>	
	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Secured</u></b>		
Current liabilities:		
Term loans	714	676
	714	676
Non-current liability:		
Term loans	5,899	6,639
<b><u>Non-secured</u></b>		
Current liabilities:		
Credit cards	34	45
Bank acceptance	364	N/A
Bank overdraft	120	N/A
Term loans	893	83
	1,411	128
Non-current liability:		
Term loans	3,212	173
<b>Total borrowings:</b>		
Credit cards	34	45
Bank acceptance	364	N/A
Bank overdraft	120	N/A
Term loans	10,718	7,571
	<b>11,236</b>	<b>7,616</b>

**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	
	(Unaudited) 3 months ended		(Unaudited) 3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
(Loss)/ Profit after taxation attributable to owners of the Company (RM'000)	(3,109)	98	(3,109)	98
Weighted average number of ordinary shares in issue ('000)	290,445	285,000	290,445	285,000
Basic (LPS)/EPS attributable to equity holders of the Company (sen) <sup>(a)</sup>	(1.07)	0.03	(1.07)	0.03
(b) Diluted	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) 3 months ended		(Unaudited) 3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM	RM	RM	RM
(Loss)/ Profit after taxation attributable to owners of the Company (RM'000)	(3,109)	98	(3,109)	98
Weighted average number of ordinary shares in issue ('000)	290,445	N/A	290,445	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 LPS (sen) <sup>(b)</sup>	(0.86)	N/A	(0.86)	N/A

*Notes:*

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

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**B10. Profit Before Tax**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.03.2022</b>	<b>31.03.2021</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>				
Depreciation of property, plant and equipment	947	675	947	675
Depreciation of investment properties	29	29	29	29
Depreciation of right-of-use assets	122	99	122	99
Interest expenses	99	112	99	112
Interest income	(48)	(141)	(48)	(141)
Impairment losses on trade receivables	212	-	212	-
Loss on disposal of property, plant and equipment	-	6	-	6
Property, plant & equipment written off	3	-	3	-
Realised loss/(gain) on foreign exchange	6	(36)	6	(36)
Short term lease expenses	83	23	83	23
Rental income	(67)	(69)	(67)	(69)
Unrealised gain on foreign exchange	(61)	(45)	(61)	(45)

**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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