



**RESERVOIR LINK ENERGY BHD**

Company No. : 201401044508 (1120690-K)

(Incorporated in Malaysia)

**Interim Financial Report  
For The Financial Period Ended  
31 December 2020  
(4th Quarter)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020 <sup>(a)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Unaudited 31.12.2020 RM'000	Preceding Year Corresponding Quarter Unaudited 31.12.2019 <sup>(b)</sup> RM'000	Current Year -To-Date Unaudited 31.12.2020 RM'000	Preceding Year Corresponding Period Unaudited 31.12.2019 <sup>(b)</sup> RM'000
REVENUE	22,077	N/A	87,525	N/A
COST OF SALES	(9,299)	N/A	(60,512)	N/A
<b>GROSS PROFIT</b>	<b>12,778</b>	<b>N/A</b>	<b>27,013</b>	<b>N/A</b>
OTHER INCOME	1,760	N/A	3,020	N/A
ADMINISTRATIVE EXPENSES	14,538	N/A	30,033	N/A
	(4,563)	N/A	(12,714)	N/A
<b>PROFIT FROM OPERATION</b>	<b>9,975</b>	<b>N/A</b>	<b>17,319</b>	<b>N/A</b>
FINANCE CHARGES	(293)	N/A	(905)	N/A
REVERSAL OF IMPAIRMENT LOSSES ON TRADE RECEIVABLES	112	N/A	10	N/A
<b>NET PROFIT BEFORE TAXATION</b>	<b>9,794</b>	<b>N/A</b>	<b>16,424</b>	<b>N/A</b>
INCOME TAX EXPENSES	(2,421)	N/A	(4,641)	N/A
<b>NET PROFIT AFTER TAXATION</b>	<b>7,373</b>	<b>N/A</b>	<b>11,783</b>	<b>N/A</b>
OTHER COMPREHENSIVE INCOME				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences	(1)	N/A	(1)	N/A
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>	<b>7,372</b>	<b>N/A</b>	<b>11,782</b>	<b>N/A</b>
<b>PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>				
Owners of the Group	7,521	N/A	11,760	N/A
Non-controlling interests	(148)	N/A	23	N/A
	<b>7,373</b>	<b>N/A</b>	<b>11,783</b>	<b>N/A</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-</b>				
Owners of the Group	7,520	N/A	11,759	N/A
Non-controlling interests	(148)	N/A	23	N/A
	<b>7,372</b>	<b>N/A</b>	<b>11,782</b>	<b>N/A</b>
<b>EARNING PER SHARE (SEN) <sup>(c)</sup></b>				
Basic <sup>(d)</sup>	2.96	N/A	4.62	N/A
Diluted <sup>(d)</sup>	2.96	N/A	4.62	N/A

**Notes:**

- (a) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 25 June 2020 and the accompanying explanatory notes are an integral part of this interim financial report.
- (b) No comparative figures for the preceding quarter and preceding year's corresponding period are presented as this is the fourth interim financial report on the consolidated results announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").
- (c) Based on the weighted average number of ordinary shares outstanding during the financial period/ year under review.
- (d) Diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any convertible securities as at 31 December 2020.

N/A Not applicable.

**RESERVOIR LINK ENERGY BHD**Company No. 201401044508 (1120690-K)  
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 <sup>(a)</sup>**

	Unaudited As At 31.12.2020 RM'000	Unaudited As At 31.12.2019 RM'000
<b>ASSETS</b>		
NON CURRENT ASSETS		
Property, plant and equipment	22,805	N/A
Investment properties	5,166	N/A
Right-of-use assets	722	N/A
Other receivables	154	N/A
Deferred tax assets	3,507	N/A
	<u>32,354</u>	<u>N/A</u>
CURRENT ASSETS		
Inventories	13,197	N/A
Trade receivables	5,457	N/A
Other receivables, deposits and prepayments	1,549	N/A
Short-term investments	27,243	N/A
Fixed deposits with licensed banks	3,414	N/A
Cash and bank balances	1,896	N/A
	<u>52,756</u>	<u>N/A</u>
<b>TOTAL ASSETS</b>	<b><u>85,110</u></b>	<b><u>N/A</u></b>
<b>EQUITY AND LIABILITIES</b>		
EQUITY		
Share capital	45,082	N/A
Foreign exchange translation reserve	886	N/A
Retained profits	32,579	N/A
Merger deficit	(15,779)	N/A
	<u>62,768</u>	<u>N/A</u>
Non-controlling interests	(55)	N/A
<b>TOTAL EQUITY</b>	<b><u>62,713</u></b>	<b><u>N/A</u></b>
NON-CURRENT LIABILITIES		
Bank borrowings	7,006	N/A
Lease liabilities	380	N/A
Deferred tax liabilities	424	N/A
	<u>7,810</u>	<u>N/A</u>
CURRENT LIABILITIES		
Bank borrowings	788	N/A
Lease liabilities	360	N/A
Trade payables	1,615	N/A
Other payables and accruals	10,940	N/A
Provision for taxation	884	N/A
	<u>14,587</u>	<u>N/A</u>
<b>TOTAL LIABILITIES</b>	<b><u>22,397</u></b>	<b><u>N/A</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>85,110</u></b>	<b><u>N/A</u></b>
<b>Net asset per share <sup>(c)</sup> (RM)</b>	<b>0.25</b>	<b>N/A</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 Accountants' Report as disclosed in the prospectus of the Company dated 25 June 2020 and the accompanying explanatory notes attached to this interim financial report.
- (b) This is the fourth interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding quarter as no interim financial report was prepared for the comparative financial period concerned.

## RESERVOIR LINK ENERGY BHD

Company No. 201401044508 (1120690-K)

(Incorporated in Malaysia)

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(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 period / year.*

*N/A Not applicable*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020 <sup>(a)</sup>**

	Issued	Merger Deficit	Foreign Exchange Translation Reserve	Retained Earning	Non-controlling Interest	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Balance at 01.01.2020</b>	7,008	-	887	22,956	(78)	30,773
Contributions by and distribution to owners of the Company:-						
- Issuance of ordinary shares	46,209	-	-	-	-	46,209
- Acquisition of subsidiaries in business combination under common control	(7,008)	(15,779)	-	-	-	(22,787)
- Share issuance expenses	(1,127)	-	-	-	-	(1,127)
<b>Total transaction with owners</b>	<b>38,074</b>	<b>(15,779)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,295</b>
Dividend	-	-	-	(2,137)	-	(2,137)
Profit after taxation for the financial year	-	-	-	11,760	23	11,783
Foreign exchange translation difference	-	-	(1)	-	-	(1)
<b>Balance at 31.12.2020 (Unaudited)</b>	<b>45,082</b>	<b>(15,779)</b>	<b>886</b>	<b>32,579</b>	<b>(55)</b>	<b>62,713</b>

Note:

(a) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 25 June 2020 and the accompanying explanatory notes are an integral part of this interim financial report.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED  
 31 DECEMBER 2020 <sup>(a)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000 <sup>(b)</sup>	Current Year -To- Date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 RM'000 <sup>(b)</sup>
<b><u>Cash Flows from operating activities</u></b>				
Profit before tax	9,794	N/A	16,424	N/A
<b><u>Adjustments for:</u></b>				
Bad debts recovered	-	N/A	(1,948)	N/A
Depreciation of property, plant and equipment	700	N/A	2,560	N/A
Depreciation of investment properties	29	N/A	120	N/A
Depreciation of right-of-use assets	356	N/A	356	N/A
Fair value loss on short-term investments	16	N/A	16	N/A
Gain on disposal of investment property	-	N/A	(185)	N/A
Loss/(Gain) on disposal of property, plant and equipment	-	N/A	45	N/A
Loss/(Gain) arising on acquisition of subsidiary	(14)	N/A	-	N/A
Finance costs	293	N/A	905	N/A
Interest income	(199)	N/A	(510)	N/A
Unrealised loss/(gain) on foreign exchange	(36)	N/A	62	N/A
Property, plant and equipment written off	12	N/A	12	N/A
Reversal of allowance for impairment losses on receivables	(112)	N/A	(10)	N/A
Reversal of amount waived by creditor	-	N/A	1,948	N/A
<b>Operating profit before working capital changes</b>	<b>10,839</b>	<b>N/A</b>	<b>19,795</b>	<b>N/A</b>
Increase in inventories	313	N/A	(1,917)	N/A
Increase in trade and other receivables	14,052	N/A	19,848	N/A
Increase in trade and other payables	(19,574)	N/A	(18,935)	N/A
Decrease in amount owing to directors	-	N/A	(55)	N/A
<b>Cash from operations</b>	<b>5,630</b>	<b>N/A</b>	<b>18,736</b>	<b>N/A</b>
Interest expenses paid	(293)	N/A	(905)	N/A
Income tax paid	(4,828)	N/A	(6,571)	N/A
<b>Net cash from operating activities</b>	<b>509</b>	<b>N/A</b>	<b>11,260</b>	<b>N/A</b>

## RESERVOIR LINK ENERGY BHD

Company No. 201401044508 (1120690-K)  
(Incorporated in Malaysia)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	-To-Date	Corresponding Period
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000 <sup>(b)</sup>	RM'000	RM'000 <sup>(b)</sup>
<b>Cash flows for investing activities</b>				
Acquisition of a subsidiary, net of cash & cash equivalents acquired	3	N/A	(2)	N/A
Interest income received	199	N/A	510	N/A
Purchase of property, plant and equipment	(1,425)	N/A	(6,401)	N/A
Proceeds from disposal of property, plant and equipment	51	N/A	245	N/A
Proceeds from disposal of investment property	(15)	N/A	1,210	N/A
(Increase)/decrease in money market fund	9,564	N/A	(23,579)	N/A
(Increase)/decrease in fixed deposits with licensed banks pledged to licensed banks	647	N/A	168	N/A
<b>Net cash for investing activities</b>	<b>9,024</b>	<b>N/A</b>	<b>(27,849)</b>	<b>N/A</b>
<b>Cash flows for financing activities</b>				
Drawdown of credit cards facility	19	N/A	(1)	N/A
Proceeds received from issuance of ordinary shares	-	N/A	23,422	N/A
Payment of share issuance expenses	(902)	N/A	(1,127)	N/A
Dividend paid	(2,138)	N/A	(2,138)	N/A
Drawdown of term loans	-	N/A	2,924	N/A
Repayment of term loans	(5,820)	N/A	(6,645)	N/A
Repayment of lease liabilities	(337)	N/A	(337)	N/A
<b>Net cash for financing activities</b>	<b>(9,178)</b>	<b>N/A</b>	<b>16,098</b>	<b>N/A</b>
Net decrease in cash and cash equivalents	355	N/A	(491)	N/A
Cash and cash equivalents at beginning of the financial period	1,555	N/A	2,388	N/A
Effect of foreign exchange translation	(14)	N/A	(1)	N/A
Cash and cash equivalents at end of the financial period	1,896	N/A	1,896	N/A
<b>Cash and cash equivalents comprise the followings:</b>				
Fixed deposits with licensed banks	3,414	N/A	3,414	N/A
Cash and bank balances	1,896	N/A	1,896	N/A
Less: Fixed deposits with licensed banks more than 3 months	(3,414)	N/A	(3,414)	N/A
	1,896	N/A	1,896	N/A

## RESERVOIR LINK ENERGY BHD

Company No. 201401044508 (1120690-K)  
(Incorporated in Malaysia)

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### Notes:

- (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 Accountants' Report as disclosed in the prospectus of the Company dated 25 June 2020 and the accompanying explanatory notes attached to this interim financial report.*
- (b) *This is the fourth interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding financial year's corresponding quarter and preceding financial year corresponding period as no interim financial report was prepared for the preceding financial year's corresponding quarter.*
- N/A *Not applicable*

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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 Listing Requirements of Bursa Securities.

This is fourth Interim Financial Report on the Company’s unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2020 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

The Interim Financial Report should be read in conjunction with the Accountants’ Report as disclosed in the prospectus of the Company dated 25 June 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 as disclosed in the Accountants’ Report in the prospectus of the Company dated 25 June 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 2020 that are applicable and adopted by the Group are as follows:

Amendments to MFRS 3	Business Combinations – Definition of a Business
Amendments to MFRS 4	Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9 Financial Instruments
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 101	Classification of Liabilities as Current and Non-current – Deferral of Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	

The adoption of the above amendments to published standards did not have any material impact to the Company for the financial year ending 31 December 2020 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 June 2020:**
  - Amendments to MFRS 16 COVID-19 Related Rent Concessions
- ii. Financial year beginning on or after 1 January 2021:**
  - Amendments to MFRS 9, MFRS 139 Interest Rate Benchmark Reform - Phase 2  
MFRS 7, MFRS 4, MFRS 16
- iii. 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

**A2. Significant Accounting Policies (Cont'd)****iii. Financial year beginning on or after 1 January 2022: (Cont'd)**

- Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS 1 Subsidiary as First-time Adopter

- **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

- **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 2019 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 Paid**

On 23 November 2020, the Company declared a first interim single tier ordinary dividend of 0.75 sen per share in respect of the financial year ended 31 December 2020 amounting to RM2.14 million which was paid on 23 December 2020.

**A9. Segmental Reporting**

The Group's segment information for the current financial period ended 31 December 2020 is as follows:

**Analysis of Revenue by Business Segments**

Revenue	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited 31.12.2020	Unaudited 31.12.2019	Unaudited 31.12.2020	Unaudited 31.12.2019
	RM'000	RM'000 <sup>(a)</sup>	RM'000	RM'000 <sup>(a)</sup>
<b>O&amp;G Well Services</b>	<b>22,077</b>	<b>N/A</b>	<b>87,161</b>	<b>N/A</b>
Well leak repair	3,312	N/A	12,973	N/A
Well perforation	17,326	N/A	46,945	N/A
Well testing	58	N/A	6,286	N/A
Wash and cement	1,209	N/A	16,198	N/A
Wireline services	93	N/A	1,269	N/A
O&G production enhancement	79	N/A	3,490	N/A
<b>Other Services</b>	<b>-</b>	<b>N/A</b>	<b>364</b>	<b>N/A</b>
<b>Total</b>	<b>22,077</b>	<b>N/A</b>	<b>87,525</b>	<b>N/A</b>

**Analysis of Gross Profit by Business Segments**

Gross Profit	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited 31.12.2020	Unaudited 31.12.2019	Unaudited 31.12.2020	Unaudited 31.12.2019
	RM'000	RM'000 <sup>(a)</sup>	RM'000	RM'000 <sup>(a)</sup>
<b>O&amp;G Well Services</b>	<b>12,778</b>	<b>N/A</b>	<b>26,893</b>	<b>N/A</b>
Well leak repair	1,155	N/A	5,548	N/A
Well perforation	12,300	N/A	19,253	N/A
Well testing	(369)	N/A	(378)	N/A
Wash and cement	(27)	N/A	1,731	N/A
Wireline services	(28)	N/A	(317)	N/A
O&G production enhancement	(253)	N/A	1,056	N/A
<b>Other Services</b>	<b>-</b>	<b>N/A</b>	<b>120</b>	<b>N/A</b>
<b>Total</b>	<b>12,778</b>	<b>N/A</b>	<b>27,013</b>	<b>N/A</b>

Notes:

(a) No comparative figures for the preceding year's corresponding quarter and period-to-date is available as this is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

N/A Not applicable

**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 31.12.2020 RM'000</b>	<b>Unaudited As at 31.12.2019 RM'000 <sup>(a)</sup></b>
<b>Approved and contracted for:</b>		
Purchase of well testing equipment	3,637	N/A
Purchase of perforating equipment	51	N/A
<b>Approved but not contracted for:</b>		
Purchase of well testing equipment	6,376	N/A

Notes:

(a) No comparative figures for the preceding year's corresponding quarter and period-to-date is available as this is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

N/A Not applicable

**A12. Contingent Assets and Liabilities**

The Group's contingent liabilities were as follow:

	<b>Unaudited As at 31.12.2020 RM'000</b>	<b>Unaudited As at 31.12.2019 RM'000 <sup>(a)</sup></b>
Bank guarantee for performance	8,644	N/A
Bank guarantee for tenancy agreement	86	N/A
	<b>8,730</b>	<b>N/A</b>

Notes:

(a) No comparative figures for the preceding year's corresponding quarter and period-to-date is available as this is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

N/A Not applicable

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**

Save as disclosed in Note B6, there were no changes in the composition of the Group during the current financial quarter and financial period-to-date under review.

**A14. Significant Events after the Reporting Period**

Save as disclosed in Note B6, "Status of Corporate Proposals", 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**

For the current financial quarter ended 31 December 2020, the Group registered revenue of RM22.08 million and profit before tax of RM9.82 million.

For the financial year ended 31 December 2020, the Group recorded revenue of RM87.53 million. The perforating services have contributed 53.64% of the Group's revenue. The Group's profit before tax was RM16.45 million after deducting the listing expenses of RM1.05 million. The profit after tax was RM11.78 million with a net profit margin of 13.5%.

**B2. Comparison with Immediate Preceding Quarter's Results**

	<b>Current Quarter Unaudited 31.12.2020 RM'000</b>	<b>Preceding Quarter Unaudited 30.09.2020 RM'000</b>	<b>Variance RM'000</b>
Revenue	22,077	26,055	(3,978)
Profit before taxation	9,794	1,402	8,392

The Group revenue for the current quarter decreased by 15.27% or RM3.98 million to RM22.08 million as compared to the preceding financial quarter of RM26.06 million. The decline was mainly contributed by the well testing services segment and wash and cement services segment with the decrease in revenue of RM3.91million and RM2.31 million respectively. This was mitigated by improved performance from the perforating services segment and well leak repair services segment which recorded increase in revenue of RM2.54 million and RM0.60 million respectively.

The Group's profit before tax increased by RM8.41 million from RM1.40 million in the preceding quarter to RM9.82 million in this current quarter. This was due to the recognition of deferred income from our perforating, wash and cement contract in Mauritania.

**B3. 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 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 optimise 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:

**B3. Commentary on Prospects (Cont'd)**

- (i) As announced on 16 July 2020, the Group had received from PETRONAS Carigali Sdn. Bhd. (“PCSB”) a work order award for the Provision of Annulus Wash and Cementing for Sepat DPS for a period of six (6) months;
- (ii) 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; and
- (iii) 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.

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

**B4. Profit Forecast**

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

**B5. Income Tax Expenses**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Unaudited 31.12.2020 RM'000	Preceding Year Corresponding Quarter Unaudited 31.12.2019 RM'000 <sup>(b)</sup>	Current Year-To-Date Unaudited 31.12.2020 RM'000	Preceding Year Corresponding Period Unaudited 31.12.2019 RM'000 <sup>(b)</sup>
Income tax	1,169	N/A	2,651	N/A
Deferred tax	1,252	N/A	1,990	N/A
	2,421	N/A	4,641	N/A
Effective tax rate <sup>(c)</sup>	24.72%	N/A	28.26%	N/A

Notes:

(a) Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the current period.

(b) No comparative figures for the preceding year's corresponding quarter and period-to-date is available as this is the fourth interim financial report announced in compliance with the Listing Requirements.

(c) The effective tax rate (“ETR”) is computed by dividing tax expense by profit before tax for the financial period. The ETR of the Group for the current period were higher than the statutory tax rate was mainly due to listing-related expenses incurred which was not tax deductible.

N/A Not applicable

**B6. Status of Corporate Proposals**

The Company had issued its prospectus on 25 June 2020 in relation to the public issue of 57,126,000 new ordinary shares (“**Public Issue**”) and offer for sale of 31,000,000 ordinary shares at an issue/ offer price of RM0.41 per share in conjunction with the Company’s listing on the ACE Market of Bursa Securities. Thereafter, the Company’s entire enlarged issued share capital of RM45,061,324 comprising of 285,000,000 ordinary shares was listed on the ACE Market of Bursa Securities on 15 July 2020.

On 4 February 2021, the Company announced the following:

- (1) 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; and
- (2) 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).

**B7. 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 December 2020 RM'000	Transfer RM'000	Balance Unutilised RM'000	Estimated Timeframe for Utilisation (from the date of Listing)
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	(1,402)	-	8,598	Within 24 months
4	Working capital	4,922	(4,032)	295 <sup>(2)</sup>	1,185	Within 12 months
		<b>23,422</b>	<b>(13,639)</b>	-	<b>9,783</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 financial period as the actual listing-related expenses incurred are lower than the budgeted listing-related expenses.*

N/A *Not applicable*

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**B8. Bank Borrowings**

	Unaudited	
	Current Year-To-Date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 RM'000 <sup>(a)</sup>
<b>Secured</b>		
Current liabilities:		
Term loans	672	N/A
	672	N/A
Non-current liability:		
Term loans	6,812	N/A
<b>Non-secured</b>		
Current liabilities:		
Credit cards	34	N/A
Term loans	82	N/A
	116	N/A
Non-current liability:		
Term loans	194	N/A
<b>Total borrowings:</b>		
Credit cards	34	N/A
Term loans	7,760	N/A
	<b>7,794</b>	<b>N/A</b>

Notes:

(a) No comparative figures for the preceding year's corresponding period is available as this is the fourth Interim Financial Report announced in compliance with the Listing Requirements.

N/A Not applicable

**B9. Material Litigation**

Save as disclosed below, there were no other material litigation at the date of this report.

With respect to the Group's litigation case between its subsidiary, Reservoir Link Sdn Bhd ("**RLSB**") as plaintiff and Uzma Engineering Sdn Bhd ("**UESB**") as defendant, consent judgement was entered on 18 August 2020 whereby UESB will pay the amount of RM0.74 million in 5 monthly instalments in 5 post-dated cheques commencing from 31 August 2020. The defendant had fully settled the judgement sum on 31 December 2020.

For the other litigation case between RLSB as plaintiff and UESB as defendant for an amount of approximately RM0.92 million, UESB has agreed to settle the amount in 6 monthly instalments in 6 post-dated cheques commencing from 31 October 2020 and consent judgement was entered on 17 December 2020 to record the same.

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**B10. Dividend Proposed**

On 23 November 2020, the Board of the Company declared an interim single-tier dividend of 0.75 sen per ordinary share amounting to RM2,137,500 in respect of financial year ended 31 December 2020 which was paid on 23 December 2020.

**B11. Earnings per Share (“EPS”)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year -To-Date	Preceding Year Corresponding Period
	Unaudited 31.12.2020	Unaudited 31.12.2019 <sup>(c)</sup>	Unaudited 31.12.2020	Unaudited 31.12.2019 <sup>(c)</sup>
	RM	RM	RM	RM
(Loss)/ Profit after taxation attributable to owners of the Company (RM'000)	7,521	N/A	11,760	N/A
Weighted average number of ordinary shares in issue ('000) <sup>(a)</sup>	254,324	N/A	254,324	N/A
Basic EPS attributable to equity holders of the Company (sen) <sup>(b)</sup>	2.96	N/A	4.62	N/A
Diluted EPS (sen) <sup>(b)</sup>	2.96	N/A	4.62	N/A

*Notes:*

(a) *In calculation of EPS for the financial year ended 31 December 2020, it is based on the weighted number of ordinary shares in issue of 254,323,969 shares as at the end of the financial period / year.*

(b) *The diluted EPS is equal to the basic EPS as the Company does not have any convertible options as at the end of the reporting period.*

(c) *No comparative figures for the preceding year's corresponding quarter and period-to-date is available as this is the fourth interim financial report announced in compliance with the Listing Requirements.*

N/A *Not applicable*

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**B12. Profit Before Tax**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Unaudited 31.12.2020 RM'000	Preceding Year Corresponding Quarter Unaudited 31.12.2019 RM'000 <sup>(a)</sup>	Current Year -To-Date Unaudited 31.12.2020 RM'000	Preceding Year Corresponding Period Unaudited 31.12.2019 RM'000 <sup>(a)</sup>
<b>Profit before tax is arrived at after charging/(crediting):</b>				
Auditors' remuneration				
- under provision in prior year	(5)	N/A	3	N/A
- current year	76	N/A	76	N/A
Bad debts recovered	-	N/A	(1,948)	N/A
Depreciation of property, plant and equipment	700	N/A	2,560	N/A
Depreciation of investment properties	29	N/A	120	N/A
Depreciation of right-of-use assets	356	N/A	356	N/A
Gain on disposal of investment property	-	N/A	(185)	N/A
	293	N/A	905	N/A
Interest expenses				
Interest income	(199)	N/A	(510)	N/A
Reversal of amount waived by creditor	-	N/A	1,948	N/A
Reversal of impairment loss on trade receivables	(112)	N/A	(10)	N/A
Listing expenses	-	N/A	1,122	N/A
Refund of listing expenses	(24)	N/A	(24)	N/A
Loss/(gain) on disposal of property, plant and equipment	-	N/A	45	N/A
Property, Plant & Equipment Written Off	12	N/A	12	N/A
Realised loss/(gain) on foreign exchange	(9)	N/A	(58)	N/A
Short term lease expenses	181	N/A	1,073	N/A
Rental income	(70)	N/A	(259)	N/A
Unrealised loss/(gain) on foreign exchange	(36)	N/A	62	N/A

Notes:

(a) No comparative figures for the preceding year's corresponding quarter and period-to-date is available as this is the fourth Interim Financial Report announced in compliance with the Listing Requirements of Bursa Securities.

N/A Not applicable

**B13. Derivative Financial Instruments**

The Group has not entered into any derivatives as at the date of this Interim Financial Report.

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