



**RESERVOIR LINK ENERGY BHD**

Company No. : 201401044508 (1120690-K)

(Incorporated in Malaysia)

**Interim Financial Report  
For The Financial Period Ended  
31 December 2021  
(4th Quarter)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021 <sup>(a)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
REVENUE	33,837	22,077	112,442	87,525
COST OF SALES	(26,623)	(9,299)	(83,232)	(60,512)
<b>GROSS PROFIT</b>	<b>7,214</b>	<b>12,778</b>	<b>29,210</b>	<b>27,013</b>
OTHER INCOME	(31)	1,760	1,160	3,020
	7,183	14,538	30,370	30,033
AMORTISATION OF INTANGIBLE ASSET	(1,564)	0	(1,564)	0
ADMINISTRATIVE EXPENSES	(3,349)	(4,563)	(11,352)	(12,714)
<b>PROFIT FROM OPERATION</b>	<b>2,270</b>	<b>9,975</b>	<b>17,454</b>	<b>17,319</b>
FINANCE COSTS	(94)	(293)	(424)	(905)
REVERSAL OF IMPAIRMENT LOSSES ON TRADE RECEIVABLES	0	112	0	10
<b>NET PROFIT BEFORE TAXATION</b>	<b>2,176</b>	<b>9,794</b>	<b>17,030</b>	<b>16,424</b>
INCOME TAX EXPENSES	(562)	(2,421)	(4,919)	(4,641)
<b>NET PROFIT AFTER TAXATION</b>	<b>1,614</b>	<b>7,373</b>	<b>12,111</b>	<b>11,783</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences	0	(1)	(0)	(1)
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>	<b>1,614</b>	<b>7,372</b>	<b>12,111</b>	<b>11,782</b>
<b>PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>				
Owners of the Group	871	7,521	10,758	11,760
Non-controlling interests	743	(148)	1,353	23
	<b>1,614</b>	<b>7,373</b>	<b>12,111</b>	<b>11,783</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-</b>				
Owners of the Group	871	7,520	10,758	11,759
Non-controlling interests	743	(148)	1,353	23
	<b>1,614</b>	<b>7,372</b>	<b>12,111</b>	<b>11,782</b>
<b>EARNING PER SHARE (SEN) <sup>(c)</sup></b>				
Basic <sup>(d)</sup>	0.30	2.96	3.76	4.62
Diluted <sup>(d)</sup>	0.24	2.96	3.01	4.62

**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 31 DECEMBER 2021 <sup>(a)</sup>**

	Unaudited As At 31.12.2021 RM'000	Audited As At 31.12.2020 RM'000
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	29,453	22,805
Investment properties	5,049	5,166
Right-of-use assets	663	722
Other receivables	134	154
Deferred tax assets	1,217	3,507
Goodwill	13,973	0
	<u>50,489</u>	<u>32,354</u>
<b>CURRENT ASSETS</b>		
Inventories	7,634	13,197
Trade receivables	13,847	5,457
Other receivables, deposits and prepayments	2,717	1,549
Amount owing by related parties	3,262	0
Tax recoverable	633	0
Contract Assets	2,790	0
Short-term investments	5,031	27,243
Fixed deposits with licensed banks	3,630	3,414
Cash and bank balances	13,491	1,896
	<u>53,035</u>	<u>52,756</u>
<b>TOTAL ASSETS</b>	<b><u>103,524</u></b>	<b><u>85,110</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	47,968	45,082
Foreign exchange translation reserve	886	886
Retained profits	41,885	32,579
Merger deficit	(15,779)	(15,779)
	<u>74,960</u>	<u>62,678</u>
Non-controlling interests	2,615	(55)
<b>TOTAL EQUITY</b>	<b><u>77,575</u></b>	<b><u>62,713</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowings	6,186	7,006
Lease liabilities	181	380
Deferred tax liabilities	1,301	424
Deferred Consideration	3,910	0
	<u>11,578</u>	<u>7,810</u>
<b>CURRENT LIABILITIES</b>		
Bank borrowings	842	788
Lease liabilities	507	360
Trade payables	9,564	1,615
Other payables and accrual	2,911	10,940
Provision for taxation	547	884
	<u>14,371</u>	<u>14,587</u>
<b>TOTAL LIABILITIES</b>	<b><u>25,949</u></b>	<b><u>22,397</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>103,524</u></b>	<b><u>85,110</u></b>
<b>Net asset per share (RM)</b>	<b>0.27<sup>(b)</sup></b>	<b>0.25<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 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 285,737,967 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.*

***[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]***

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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	2,886	-	-	-	2,886	-	2,886
- Acquisition of subsidiaries in business combination under common control	-	-	-	-	-	1,237	1,237
- Changes in a subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	80	80
- Dividends	-	-	-	(1,452)	(1,452)	-	(1,452)
Total transaction with owners	2,886	-	-	(1,452)	1,434	1,317	2,751
Profit after taxation for the financial year	-	-	-	10,758	10,758	1,353	12,111
Other comprehensive income for the financial period:	-	-	-	-	-	-	-
Foreign exchange translation difference	-	-	(0)	-	(0)	-	(0)
<b>Balance at 31.12.2021</b>	<b>47,968</b>	<b>(15,779)</b>	<b>886</b>	<b>41,885</b>	<b>74,960</b>	<b>2,615</b>	<b>77,575</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 FOURTH QUARTER ENDED 31 DECEMBER 2021 <sup>(a)</sup>**

	(Unaudited) Cumulative Year To Date 31.12.2021 RM'000	(Unaudited) Corresponding Year To Date 31.12.2020 RM'000
<b><u>Cash Flows from operating activities</u></b>		
Profit before tax	17,030	16,424
<b><u>Adjustments for:</u></b>		
Bad debts recovered	0	(1,948)
Amortisation of intangible asset	1,564	0
Depreciation of property, plant and equipment	2,963	2,560
Depreciation of investment properties	117	120
Depreciation of right-of-use assets	441	356
Fair value loss/(gain) on short-term investments	(357)	16
Gain on disposal of investment property	0	(185)
Loss/(gain) on disposal of property, plant and equipment	6	45
Interest expenses	424	905
Interest income	(423)	(510)
Unrealised loss/(gain) on foreign exchange	36	62
Property, plant and equipment written off	157	12
Reversal of allowance for impairment losses on receivable	0	(10)
Reversal of amount waived by creditor	0	1,948
<b>Operating profit before working capital changes</b>	<b>21,958</b>	<b>19,795</b>
(Increase)/decrease in inventories	23,620	(1,917)
(Increase)/decrease in receivables	(9,536)	19,848
(Decrease)/increase in payables	(13,358)	(18,935)
(Decrease)/increase in contract liabilities	(2,790)	0
(Decrease)/increase in related parties	(3,261)	0
(Decrease)/increase in amount owing to directors	0	(55)
<b>Cash from operations</b>	<b>16,633</b>	<b>18,736</b>
Interest expenses paid	(424)	(905)
Income tax paid	(3,097)	(6,571)
<b>Net cash from operating activities</b>	<b>13,112</b>	<b>11,260</b>
<b><u>Cash flows for investing activities</u></b>		
Net cash inflow/(outflow) on acquisition of subsidiary	(15,299)	(2)
Additional investments in existing subsidiary	80	0
Interest income received	423	510
Purchase of property, plant and equipment	(9,311)	(6,401)
Proceeds from disposal of property, plant and equipment	6	245
Proceeds from disposal of investment property	0	1,210
(Increase)/decrease in money market fund	22,569	(23,579)
(Increase)/decrease in fixed deposits with licensed banks pledged to licensed banks	(217)	168
<b>Net cash for investing activities</b>	<b>(1,749)</b>	<b>(27,849)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021 <sup>(a)</sup>**

	(Unaudited) Cumulative Year To Date 31.12.2021 RM'000	(Unaudited) Corresponding Year To Date 31.12.2020 RM'000
<b>Cash flows for financing activities</b>		
Drawdown of credit cards facilities	12	0
Proceeds from issuance of ordinary shares	2,886	23,422
Payment of share issuance expenses	0	(1,127)
Dividend paid	(1,452)	(2,138)
Drawdown of term loans	0	2,924
Repayment of credit cards facilities	0	(1)
Repayment of term loans	(778)	(6,645)
Repayment of lease liabilities	(436)	(337)
<b>Net cash for financing activities</b>	<b>232</b>	<b>16,098</b>
Net decrease in cash and cash equivalents	11,595	(491)
Cash and cash equivalents at beginning of the financial period	1,896	2,388
Effect of foreign exchange translation	0	(1)
Cash and cash equivalents at end of the financial period	13,491	1,896
<b>Cash and cash equivalents comprise the followings:</b>		
Fixed deposits with licensed banks	3,630	3,414
Cash and bank balances	13,491	1,896
Less: Fixed deposits with licensed banks more than 3 months	(3,630)	(3,414)
	13,491	1,896

*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.*

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

**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 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:

Amendment to MFRS 16	COVID-19 Related Rent Concessions
Amendments to MFRS 9 and MFRS 139	Recognition and Measurement
MFRS 7	Disclosures
MFRS 4	Insurance Contracts
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 declared in the current quarter under review.

The Board of Directors has proposed a single tier interim dividend of 0.5 sen per share in respect of the financial year ending 31 December 2021 and was paid on 15 October 2021.

***[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]***

**A9. Segmental Reporting**

The Group's segment information for the current financial period ended 31 December 2021 is as follows:

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

	(Unaudited) Current Quarter 31.12.2021 RM'000	(Unaudited) Corresponding Quarter 31.12.2020 RM'000	Variance RM'000	Variance %
<b>Revenue</b>				
<b>O&amp;G Well Services</b>	<b>15,066</b>	<b>22,077</b>	<b>(7,011)</b>	<b>(32%)</b>
Well leak repair	3,527	3,312	215	6%
Well perforation	4,820	17,326	(12,506)	(72%)
Well testing	412	58	354	>100%
Wash and cement	1,975	1,209	766	63%
Wireline services	160	93	67	72%
O&G production enhancement	4,172	79	4,093	>100%
<b>Renewal Energy</b>	<b>18,528</b>	N/A	N/A	N/A
<b>Other Services</b>	<b>243</b>	-	<b>243</b>	<b>0%</b>
<b>Total</b>	<b>33,837</b>	<b>22,077</b>	<b>(6,768)</b>	<b>(31%)</b>

	(Unaudited) Current Quarter 31.12.2021 RM'000	(Unaudited) Corresponding Quarter 31.12.2020 RM'000	Variance RM'000	Variance %
<b>Gross Profit</b>				
<b>O&amp;G Well Services</b>	<b>4,865</b>	<b>12,778</b>	<b>(7,913)</b>	<b>(62%)</b>
Well leak repair	1,388	1,155	233	20%
Well perforation	1,644	12,300	(10,656)	(87%)
Well testing	(206)	(369)	163	(44%)
Wash and cement	84	(27)	111	>(100%)
Wireline services	(81)	(28)	(53)	>100%
O&G production enhancement	2,036	(253)	2,289	>(100%)
<b>Renewal Energy</b>	<b>2,369</b>	N/A	N/A	N/A
<b>Other Services</b>	<b>(20)</b>	-	<b>(20)</b>	<b>0%</b>
<b>Total</b>	<b>7,214</b>	<b>12,778</b>	<b>(7,933)</b>	<b>(62%)</b>

**(II) The Results of the Cumulative Quarter Compared to the Results of the Corresponding Quarter**

	(Unaudited) Current Cumulative Quarter 31.12.2021 RM'000	(Unaudited) Correspondence Cumulative Quarter 31.12.2020 RM'000	Variance RM'000	Variance %
<b>Revenue</b>				
<b>O&amp;G Well Services</b>	<b>87,278</b>	<b>87,161</b>	<b>117</b>	<b>0%</b>
Well leak repair	11,823	12,973	(1,150)	(9%)
Well perforation	39,621	46,945	(7,324)	(16%)
Well testing	617	6,286	(5,669)	(90%)
Wash and cement	26,699	16,198	10,501	65%
Wireline services	249	1,269	(1,020)	(80%)
O&G production enhancement	8,269	3,490	4,779	>100%
<b>Renewal Energy</b>	<b>24,905</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Other Services</b>	<b>259</b>	<b>364</b>	<b>(105)</b>	<b>(29%)</b>
<b>Total</b>	<b>112,442</b>	<b>87,525</b>	<b>12</b>	<b>0%</b>

	(Unaudited) Current Cumulative Quarter 31.12.2021 RM'000	(Unaudited) Correspondence Cumulative Quarter 31.12.2020 RM'000	Variance RM'000	Variance %
<b>Gross Profit</b>				
<b>O&amp;G Well Services</b>	<b>26,078</b>	<b>26,893</b>	<b>(815)</b>	<b>(3%)</b>
Well leak repair	3,719	5,548	(1,829)	(33%)
Well perforation	13,358	19,253	(5,895)	(31%)
Well testing	(1,303)	(378)	(925)	>100%
Wash and cement	6,828	1,731	5,097	>100%
Wireline services	(321)	(317)	(4)	1%
O&G production enhancement	3,797	1,056	2,741	>100%
<b>Renewal Energy</b>	<b>3,161</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Other Services</b>	<b>(29)</b>	<b>120</b>	<b>(149)</b>	<b>&gt;(100%)</b>
<b>Total</b>	<b>29,210</b>	<b>27,013</b>	<b>(964)</b>	<b>(4%)</b>

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

	(Unaudited) Current Quarter 31.12.2021 RM'000	(Unaudited) Preceding Quarter 30.09.2021 RM'000	Variance RM'000	Variance %
<b>Revenue</b>				
<b>O&amp;G Well Services</b>	<b>15,066</b>	<b>31,795</b>	<b>(16,729)</b>	<b>(53%)</b>
Well leak repair	3,527	2,120	1,407	66%
Well perforation	4,820	20,615	(15,795)	(77%)
Well testing	412	169	243	>100%
Wash and cement	1,975	6,214	(4,239)	(68%)
Wireline services	160	45	115	>100%
O&G production enhancement	4,172	2,632	1,540	59%
<b>Renewal Energy</b>	<b>18,528</b>	<b>6,376</b>	<b>12,258</b>	<b>&gt;100%</b>
<b>Other Services</b>	<b>243</b>	<b>18</b>	<b>225</b>	<b>&gt;100%</b>
<b>Total</b>	<b>33,837</b>	<b>38,189</b>	<b>(16,504)</b>	<b>(43%)</b>

	(Unaudited) Current Quarter 31.12.2021 RM'000	(Unaudited) Preceding Quarter 30.09.2021 RM'000	Variance RM'000	Variance %
<b>Gross Profit</b>				
<b>O&amp;G Well Services</b>	<b>4,865</b>	<b>11,076</b>	<b>(6,212)</b>	<b>(56%)</b>
Well leak repair	1,388	680	708	>100%
Well perforation	1,644	7,974	(6,330)	(79%)
Well testing	(206)	(365)	159	(44%)
Wash and cement	84	1,383	(1,299)	(94%)
Wireline services	(81)	(79)	(2)	2%
O&G production enhancement	2,036	1,483	553	37%
<b>Renewal Energy</b>	<b>2,369</b>	<b>792</b>	<b>N/A</b>	<b>N/A</b>
<b>Other Services</b>	<b>(20)</b>	<b>(9)</b>	<b>(11)</b>	<b>&gt;100%</b>
<b>Total</b>	<b>7,214</b>	<b>11,859</b>	<b>(6,223)</b>	<b>(52%)</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 31.12.2021 RM'000	(Unaudited) As at 31.12.2020 RM'000
<b>Approved and contracted for:</b>		
Purchase of equipment	2,659	3,688
<b>Approved but not contracted for:</b>		
Purchase of equipment	2,471	6,376

**A12. Contingent Assets and Liabilities**

The Group's contingent liabilities were as follow:

	(Unaudited) As at 31.12.2021 RM'000	(Unaudited) As at 31.12.2020 RM'000
Bank guarantee for performance	2,816	8,644
Bank guarantee for tenancy agreement	86	86
	<b>2,902</b>	<b>8,730</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 25 August 2021, the acquisition of 51% equity interest in Founder Energy Sdn Bhd (“**Founder**”) was completed on even date. As such Founder has become a subsidiary company of the Group.

Save as disclosed above, there were no changes in the composition of the Group.

**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.

*[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]*

**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 31.12.21 RM'000	(Unaudited) Corresponding Quarter 31.12.20 RM'000	Variance RM'000	Variance %
Revenue	33,837	22,077	11,760	53%
Profit before taxation (“PBT”)	2,176	9,794	(7,618)	(78%)

For the current financial quarter ended 31 December 2021, the Group registered revenue of RM33.8 million. The Group revenue increased by RM11.8 million or 53% as compared to previous year corresponding quarter ended 31 December 2020. The increase in revenue was mainly due to revenue contributed by newly acquired subsidiary Founder for the amount of RM18.6 million in CQ. However, PBT has decline by RM7.6 million or 78% in CQ mainly due to completion of Mauritania project in October 2021.

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

	(Unaudited) Cumulative Year-to-Date 31.12.21 RM'000	(Unaudited) Corresponding Year-to-Date 31.12.20 RM'000	Variance RM'000	Variance %
Revenue	112,442	87,525	24,917	28%
PBT	17,030	16,424	606	4%

For the YTDCY the Group recorded revenue of RM112.4 million. The Group revenue increased by RM25.0 million or 28%. The increase in revenue was due to revenue contribution from Founder. In line with the increase in revenue, the Group’s PBT increased by RM0.6 million accordingly.

(c) CQ vs Previous Quarter (“PQ”).

	(Unaudited) Current Quarter 31.12.21 RM'000	(Unaudited) Previous Quarter 30.09.21 RM'000	Variance RM'000	Variance %
Revenue	33,837	38,189	(4,352)	(11%)
PBT	2,176	9,207	(7,031)	(76%)

The Group revenue for the CQ increased RM4.4 million to RM33.8 million as compared to the PQ. The increase in revenue is due to the reason as discussed in note B1(a) above. In addition, the decline in revenue was partially off-set by increase in revenue contribution from Founder.

The Group's PBT decreased by RM7.0 million in CQ. The decrease in PBT was in line with the decrease 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 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 until 10 December 2025 unless terminated in accordance with the terms of the appointment;
- (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);
- (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 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.

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 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 2021.

***[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]***

**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 31.12.2021 RM'000	(Unaudited) Corresponding Quarter Ended 3 months 31.12.2020 RM'000	(Unaudited) Current Year To Date 12 months 31.12.2021 RM'000	(Unaudited) Corresponding Year To Date 12 months 31.12.2020 RM'000
Income tax	395	1,169	2,203	2,651
Deferred tax	167	1,252	2,716	1,990
	562	2,421	4,919	4,641
Effective tax rate <sup>(b)</sup>	25.8%	24.7%	28.9%	28.3%

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 and an amortization of intangible asset.

**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 25 August 2021, the Proposed Acquisition was completed on 25 August 2021. As such Founder has become a subsidiary company of the Group.

**(c) 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.

**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 September 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	(6,203)	-	3,797	Within 24 months
4	Working capital	4,922	(5,217)	295 <sup>(2)</sup>	-	Within 12 months
		<b>23,422</b>	<b>(19,625)</b>	<b>-</b>	<b>3,797</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**

	<b>Unaudited</b>	
	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Secured</u></b>		
Current liabilities:		
Term loans	709	672
	709	672
Non-current liability:		
Term loans	6,080	6,812
<b><u>Non-secured</u></b>		
Current liabilities:		
Credit cards	45	34
Term loans	88	82
	133	116
Non-current liability:		
Term loans	106	194
<b>Total borrowings:</b>		
Credit cards	45	34
Term loans	6,983	7,760
	<b>7,028</b>	<b>7,794</b>

**B8. Material Litigation**

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

***[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]***

**B9. Earnings per Share (“EPS”)**

(a) Basic	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) 3 months ended		(Unaudited) 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit after taxation attributable to owners of the Company (RM'000)	871	7,521	10,758	11,760
Weighted average number of ordinary shares in issue ('000)	285,738	254,324	285,738	254,324
Basic EPS attributable to equity holders of the Company (sen) <sup>(a)</sup>	0.30	2.96	3.76	4.62
(b) Diluted	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) 3 months ended		(Unaudited) 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM	RM	RM	RM
(Loss)/ Profit after taxation attributable to owners of the Company (RM'000)	871	7,521	10,758	11,760
Weighted average number of ordinary shares in issue ('000)	285,738	N/A	285,738	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>	0.24	N/A	3.01	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.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

**B10. Profit Before Tax**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited)		(Unaudited)	
	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>				
Auditors' remuneration				
- under provision in prior year	0	(5)	0	3
- current year	93	76	93	76
Bad debts recovered	0	0	0	(1,948)
Depreciation of property, plant and equipment	771	700	2,963	2,560
Depreciation of investment properties	29	29	117	120
Depreciation of right-of-use assets	145	356	441	356
Gain on disposal of property, plant and equipment	0	0	0	(185)
Interest expenses	94	293	424	905
Interest income	(51)	(199)	(423)	(510)
Reversal of amount waived by creditor	0	0	0	1,948
Impairment of Intangible Assets	1,564	0	1,564	0
Reversal of impairment loss on trade receivables	0	(112)	0	(10)
Listing expenses	210	0	210	1,122
Refund of listing expenses	0	(24)	0	(24)
Loss/(gain) on disposal of property, plant and equipment	0	0	6	45
Property, Plant & Equipment Written Off	142	12	157	12
Realised loss/(gain) on foreign exchange	70	(9)	(317)	(58)
Short term lease expenses	61	181	719	1,073
Rental income	(64)	(70)	(263)	(259)
Unrealised loss/(gain) on foreign exchange	11	(36)	36	62

**B11. Derivative Financial Instruments**

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

***[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]***