



RESERVOIR LINK ENERGY BHD

Company No. : 201401044508 (1120690-K)

(Incorporated in Malaysia)

**Interim Financial Report
For The Financial Period Ended
31 December 2023
(2nd Quarter)**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023 ^(a)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
REVENUE	44,659	32,426	112,347	73,853
COST OF SALES	(37,608)	(26,195)	(95,991)	(61,234)
GROSS PROFIT	7,051	6,231	16,356	12,619
OTHER INCOME	1,280	163	1,308	447
	8,331	6,394	17,664	13,066
ADMINISTRATIVE EXPENSES	(5,005)	(3,439)	(9,984)	(7,362)
PROFIT FROM OPERATION	3,326	2,955	7,680	5,704
FINANCE COSTS	(860)	(490)	(1,431)	(670)
IMPAIRMENT LOSSES ON TRADE RECEIVABLES	-	(27)	-	(27)
FAIR VALUE LOSSES/(GAIN) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH LOSS OR PROFIT	(120)	2,375	(120)	2,375
SHARE OF RESULTS OF A JOINT VENTURE (NET OF TAX)	15	(15)	26	(24)
NET PROFIT BEFORE TAXATION	2,361	4,798	6,155	7,358
INCOME TAX EXPENSES	(955)	(835)	(2,227)	(1,729)
NET PROFIT AFTER TAXATION	1,406	3,963	3,928	5,629
OTHER COMPREHENSIVE INCOME				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences	46	-	46	0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	1,452	3,963	3,974	5,629
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Group	318	3,359	1,535	3,787
Non-controlling interests	1,088	604	2,393	1,842
	1,406	3,963	3,928	5,629
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
Owners of the Group	383	3,359	1,600	3,786
Non-controlling interests	1,069	604	2,374	1,843
	1,452	3,963	3,974	5,629
EARNING PER SHARE (SEN)				
Basic ^(b)	0.10	1.16	0.50	1.31
Diluted ^(c)	0.08	0.93	0.40	1.05

Notes:

- (a) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial period from 1 January 2022 to 30 June 2023 and the accompanying explanatory notes are an integral part of this interim financial report.
- (b) Based on the weighted average number of ordinary shares outstanding during the financial period/ year under review.
- (c) Based on the weighted average number of ordinary shares adjusted on the assumption that the outstanding warrants are fully exercised and converted into ordinary shares.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 ^(a)

	Unaudited As At 31.12.2023 RM'000	Audited As At 30.06.2023 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	62,843	34,711
Investment properties	4,816	4,874
Investment in an associate	290	-
Right-of-use assets	267	404
Deferred tax assets	1,271	1,271
Joint Venture	1,187	1,160
Goodwill	13,973	13,973
	<u>84,647</u>	<u>56,393</u>
CURRENT ASSETS		
Inventories	8,882	9,327
Trade receivables	37,245	36,095
Other receivables, deposits and prepayments	18,259	13,497
Amount owing by related parties	1,376	-
Amount owing by joint venture	960	911
Tax recoverable	2,776	2,068
Contract Assets	49,124	28,173
Contract Cost Assets	959	959
Short-term investments	573	693
Fixed deposits with licensed banks	7,354	7,139
Cash and bank balances	10,743	6,071
	<u>138,251</u>	<u>104,933</u>
TOTAL ASSETS	<u>222,898</u>	<u>161,326</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	55,763	47,968
Treasury Shares	(505)	(505)
Share option reserve	301	-
Foreign exchange translation reserve	1,116	1,051
Retained profits	42,526	40,991
Contingent consideration	3,910	3,910
Merger deficit	(15,779)	(15,779)
	<u>87,332</u>	<u>77,636</u>
Non-controlling interests	8,206	5,832
TOTAL EQUITY	<u>95,538</u>	<u>83,468</u>
NON-CURRENT LIABILITIES		
Bank borrowings	9,180	9,755
Lease liabilities	146	169
Deferred tax liabilities	171	171
	<u>9,497</u>	<u>10,095</u>
CURRENT LIABILITIES		
Bank borrowings	58,961	18,793
Lease liabilities	127	241
Trade payables	52,819	41,792
Other payables and accrual	3,695	5,364
Provision for taxation	2,261	630
Contract Liabilities	-	943
	<u>117,863</u>	<u>67,763</u>
TOTAL LIABILITIES	<u>127,360</u>	<u>77,858</u>
TOTAL EQUITY AND LIABILITIES	<u>222,898</u>	<u>161,326</u>
Net asset per share ^(b) (RM)	0.31	0.29

Notes:

- (a) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial period from 1 January 2022 to 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.*
- (b) Based on the Company's issued share capital of 290,445,000 ordinary shares as at the end of the financial period .*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023 ^(a)

	Share Capital	Treasury Shares	Merger Deficit	Non-distributable Share option reserve	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	RM '000	RM '000
Balance at 01.07.2023	47,968	(505)	(15,779)	-	1,051	3,910	40,991	77,636	5,832	83,468
Contributions by and distribution to owners of the Company:-										
- Share options granted under ESOS	-	-	-	301	-	-	-	301	-	301
- Issuance of ordinary shares pursuant to private placement	7,795	-	-	-	-	-	-	7,795	-	7,795
Total transaction with owners	7,795	-	-	301	-	-	-	8,096	-	8,096
Profit after taxation for the financial year	-	-	-	-	-	-	1,535	1,535	2,393	3,928
Other comprehensive income for the financial period:										
Foreign exchange translation difference	-	-	-	-	65	-	-	65	(19)	46
Balance at 31.12.2023	55,763	(505)	(15,779)	301	1,116	3,910	42,526	87,332	8,206	95,538

Note:

- (a) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial period from 1 January 2022 to 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023 ^(a)

	(Unaudited)	(Audited)
	Year To Date	Year To Date
	31.12.2023	30.06.2023
	RM'000	RM'000
<u>Cash Flows from/(for) operating activities</u>		
Profit before tax	6,155	3,357
<u>Adjustments for:</u>		
Bad debts written off	-	134
Depreciation of property, plant and equipment	2,216	6,170
Depreciation of investment properties	58	175
Depreciation of right-of-use assets	137	691
Fair value loss/(gain) on short-term investments	120	120
Finance costs	1,431	1,996
Gain on lease modification	-	(5)
Gain on disposal of short-term investment	-	(20)
Loss/(gain) on disposal of property, plant and equipment	-	(167)
Impairment loss:		
- trade receivables	-	623
- contract assets	-	297
Share based payment	120	-
Interest income	(235)	(256)
Property, plant and equipment written off	-	226
Share of (profit)/ loss of joint ventures	(27)	166
Unrealised loss/(gain) on foreign exchange	552	(58)
	10,528	13,449
Operating (loss)/profit before working capital changes		
(Increase)/Decrease in inventories	893	(1,693)
(Increase)/Decrease in contract cost assets	-	(959)
(Increase)/Decrease in receivables	(12,997)	(34,539)
(Increase)/Decrease in contract assets	(20,681)	(24,737)
Increase/(Decrease) in payables	20,882	35,581
Increase/(Decrease) in related parties	(1,376)	3,262
(Increase)/Decrease in amount owing by joint ventures	(49)	(911)
	(2,800)	(10,547)
Cash (for)/from operations		
Interest paid	(1,431)	(1,996)
Income tax paid	(2,480)	(4,875)
Income tax refunded	-	775
	(6,711)	(16,642)
Net cash (for)/from operating activities		

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023 ^(a)

	(Unaudited)	(Audited)
	Year To Date	Year To Date
	31.12.2023	30.06.2023
	RM'000	RM'000
Cash flows from/(for) investing activities		
Acquisition of joint ventures	(290)	(1,326)
Interest income received	235	256
Purchase of property, plant and equipment	(35,186)	(15,147)
Proceeds from disposal of property, plant and equipment	-	3,661
(Increase)/Decrease in short-term investments	-	4,237
(Increase)/Decrease in pledged fixed deposits with licensed banks	(214)	(3,509)
Net cash (for)/from investing activities	(35,455)	(11,828)
Cash flows from/(for) financing activities		
Acquisition of non-controlling interests	-	496
Net drawdown/(repayment) of borrowings	37,021	17,106
Net proceeds from issuance of ordinary shares	7,795	-
Purchase of treasury shares	-	(505)
Repayment of lease liabilities	(283)	(706)
Net cash from/(for) financing activities	44,533	16,391
Net decrease in cash and cash equivalents	2,366	(12,079)
Cash and cash equivalents at beginning of the financial period	1,611	13,491
Effect of foreign exchange translation	(220)	199
Cash and cash equivalents at end of the financial period	3,756	1,611
Cash and cash equivalents comprise the followings:		
Fixed deposits with licensed banks	7,354	3,630
Cash and bank balances	10,743	6,071
Cash and cash equivalents as reported in the Statement of Financial Position	18,096	9,701
Less: Fixed deposits with licensed banks more than 3 months	(7,354)	(3,630)
Less: Bank overdrafts	(6,987)	(4,460)
	3,756	1,611

Note:

- (a) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial period from 1 January 2022 to 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.*

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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 Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

The Interim Financial Report should be read in conjunction with the audited financial statements of the Company for the financial period from 1 January 2022 to 30 June 2023 and the accompanying notes attached to this Interim Financial Report.

A2. Significant Accounting Policies

The significant accounting policies adopted in the preparation of this Interim Financial Report are consistent with those adopted in the audited financial statements of the Group for the financial period from 1 January 2022 to 30 June 2023, except for the following which were adopted at the beginning of the current financial year. These pronouncements are either not relevant or do not have any material impact on the Group’s financial statements for the current financial year.

- Amendments to MFRS 17 Insurance Contracts
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

- i. Financial year beginning on or after 1 January 2024:**
 - Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current
 - Amendments to MFRS 101 Disclosure of Accounting Policies
 - Amendments to MFRS 16 Lease Liability in a Sale and Leaseback
 - Amendments to MFRS 107 Statement of Cash Flows
 - Amendments to MFRS 7 Financial Instruments : Disclosures
- ii. Financial year beginning on or after 1 January 2025:**
 - Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates
- iii. Effective date yet to be determined:**
 - Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

A3. Auditors’ Report

The audited financial statements of the Group for the financial period ended 30 June 2023 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

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

A5. Material Unusual Items

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

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

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

A8. Dividend

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

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A9. Segmental Reporting

The Group's segment information for the current financial period ended 31 December 2023 is as follows:

Operating Segment	Investment holding	Oil and gas related activities	Renewable energy related and other activities	Consolidation adjustments	The Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	17,185	29,395	(1,921)	44,659
Consolidated revenue					44,659
Segment Results	(465)	2,077	1,695	19	3,326
Finance costs	3	(409)	(578)	124	(860)
Fair Value Losses On Financial Assets At Fair Value Through Profit Or Loss	(120)				(120)
Share of profit of equity-accounted joint ventures				15	15
Consolidated profit before taxation					2,361

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

Operating Segment	Investment holding	Oil and gas related activities	Renewable energy related and other activities	Consolidation adjustments	The Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	14,098	19,480	(1,152)	32,426
Consolidated revenue					32,426
Segment Results	(426)	2,761	1,482	(862)	2,955
Finance costs	(19)	(442)	(273)	244	(490)
Impairment Losses On Trade Receivables			(27)		(27)
Fair Value Losses On Financial Assets At Fair Value Through Profit Or Loss	2,375				2,375
Share of profit of equity-accounted joint ventures				(15)	(15)
Consolidated profit before taxation					4,798

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(I) Assets as at 31 December 2023 and 2022

Segment Assets	As at 31/12/2023 RM'000	As at 31/12/2022 RM'000
Investment holding	54,536	53,042
Oil and gas related and others activities	93,606	74,059
Renewable energy related and others activities	156,941	36,492
Consolidation adjustments	(84,622)	(37,531)
Segment assets	220,461	126,062
Joint venture	2,147	2,067
Associate	290	-
Total assets	222,898	128,129

(II) Liabilities as at 31 December 2023 and 2022

Segment Liabilities	As at 31/12/2023 RM'000	As at 31/12/2022 RM'000
Investment holding	899	3,669
Oil and gas related and others activities	39,011	26,135
Renewable energy related and others activities	142,422	28,206
Consolidation adjustments	(54,972)	(9,999)
Segment liabilities	127,360	48,011
Total liabilities	127,360	48,011

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 31.12.2023 RM'000	(Unaudited) As at 31.12.2022 RM'000
Approved and contracted for:		
Purchase of equipment	-	551
Purchase of solar assets	1,325	949
Construction of water treatment plant	7,708	-
Approved but not contracted for:		
Purchase of equipment	-	2,528

A12. Contingent Assets and Liabilities

The Group's contingent liabilities were as follow:

	(Unaudited) As at 31.12.2023 RM'000	(Unaudited) As at 31.12.2022 RM'000
Bank guarantee for performance	8,156	11,369
Bank guarantee for tenancy agreement	86	86
	8,242	11,455

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

A13. Changes in Composition of the Group

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

- (i) As announced on 31 January 2023, the Company wholly-owned subsidiary, Skyline Energy Sdn Bhd (“**SESB**”) entered into a Term Sheet (“**TS**”) for the acquisition of 90% equity interest in PT Eco Power Engineering (“**EPE**”), a company incorporated in Indonesia. The completion of the proposed acquisition is subject to various conditions precedent. For further details please refer to the announcement.
- (ii) As announced on 3 October 2023, the Company 51% owned subsidiary, Founder Group Limited (“**FGL**”) is considering to list on the NASDAQ Stock Exchange (“**Proposed Listing of Subsidiary**”).
- (iii) As announced on 14 November 2023, the Company wholly owned subsidiary, Reservoir Link Renewable Sdn Bhd (“**RLR**”) entered into a share sale agreement (“**SSA**”) with SAG Green Tech Sdn Bhd (“**SGT**”) for the proposed acquisition of 1,000,000 ordinary shares representing 100% equity interest in SAG Renewables Sdn Bhd (“**SAGR**”), for a total purchase consideration of RM10,500,000, comprising RM4,500,000 for the Sale Shares and RM6,000,000 for the corporate guarantee to be provided upon the successful transfer of the Sale Shares from SGT to RLR in accordance with the terms of the SSA. For further details please refer to the announcement.

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

- (iv) As announced on 22 December 2023, and reference is made to note (v) above, the Company announced the details of the proposed initial public offering of new ordinary shares in FGL on the Nasdaq Capital Market of the Nasdaq Stock Exchange. For further details please refer to the announcement.

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.

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 31.12.2023 RM'000	(Unaudited) Correspondence Quarter 31.12.2022 RM'000	Variance RM'000	Variance %
Revenue	44,659	32,426	12,233	38%
Profit before taxation (“PBT”)	2,361	4,798	(2,437)	(51%)

For the current financial quarter ended 31 December 2023, the Group registered revenue of RM44.7 million. The Group revenue increased by RM12.2 million or 38% as compared to previous year corresponding quarter ended 31 December 2022.

The increased in group revenue was mainly due to the improve in revenue from both renewable energy segment and oil and gas segment by RM9.9 million and RM2.3 million respectively. PBT decreased by RM2.4 million or 51% mainly due to higher administrative expenses and finance charges in CQ. It should be noted that, the fair value gain on other investment of RM2.4 million was recorded in PYCQ.

(b) CQ vs Previous Quarter (“PQ”).

	(Unaudited) Current Quarter 31.12.2023 RM'000	(Unaudited) Previous Quarter 30.09.2023 RM'000	Variance RM'000	Variance %
Revenue	44,659	67,688	(23,029)	(34%)
PBT	2,361	3,794	(1,433)	(38%)

The Group revenue for the CQ decreased by RM23.0 million or 34% as compared to the PQ. The decline in revenue from renewable energy segment by RM19.5 million and from Oil & Gas segment by RM3.5 million respectively in CQ.

In line with decreased in revenue, the Group’s PBT deteriorated by RM1.4 million in CQ.

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

	(Unaudited) Cumulative Quarter 31.12.2023 RM'000	(Unaudited) Correspondence Quarter 31.12.2022 RM'000	Variance RM'000	Variance %
Revenue	112,347	73,853	38,494	52%
Profit before taxation (“PBT”)	6,155	7,358	(1,203)	(16%)

The Group revenue for the CYTD increased by RM38.5 million or 52% as compared to the PYTD. The increased in group revenue was mainly due to the improve in revenue from both renewable energy segment and oil and gas segment by RM25.2 million and RM13.3 million respectively. PBT decreased by RM1.2 million or 16% mainly due to higher administrative expenses and finance charges in CYTD. It should be noted that, the fair value gain on other investment of RM2.4 million was recorded in PYTD.

B2. Commentary on Prospects

The uncertainty in the energy market will continue and this necessitates industry players to be agile in responding to the changing in the energy landscape and embrace innovation as well as new solutions toward a lower-carbon future.

Petroleum Nasional Bhd (Petronas) has released its 2024-2026 Activity Outlook, outlining forecasted activities which call for greater collaboration with the oil and gas service and equipment (OGSE) providers to ensure energy demand is met while ramping up its clean energy initiatives. Within the next three years, the national oil firm is committed to its long-term target of sustaining and growing Malaysia’s oil and gas production in anticipation of opening opportunities for the OGSE providers across exploration, development, production, and decommissioning activities. The decommissioning activities would also be carried out for some 150 matured assets to restore the area to a safe and environmentally stable condition, while disused assets will be assessed for potential reuse or repurposing given a positive outlook on Oil & Gas activity for the Group in 2024 and onwards.

The Malaysia Renewable Energy Roadmap (MyRER), the government has set an ambitious target of renewable energy providing 31 percent (13 gigawatts) of the nation’s energy needs by 2025 and 40 percent (18 gigawatts) by 2035. The Government has further committed to increase RE capacity to 70% in 2050, to be in line with the national climate aspiration of achieving net zero GHG earliest by 2050.

The Malaysia National Energy Transition Roadmap (“NETR”) was introduced in July 2023, which further outlines the strategic direction for the country’s shift towards sustainable energy. The NETR builds upon the foundations laid by the MyRER and NEP 2040, focusing on renewable energy sources, energy efficiency, and carbon emissions reduction. It also spells out plans for the integration of smart grids and the adoption of electric vehicles, aiming to reduce Malaysia’s carbon footprint significantly by 2030.

In October 2022, the Ministry of Energy and Natural Resources announced the implementation of Corporate Green Power Programme (“CGPP”) administered by Suruhanjaya Tenaga (“ST”) to achieve the targeted decarbonisation of electricity sector in Malaysia. On 7th August 2023, Consortium of Reservoir Link Renewable Sdn Bhd, Sumitomo Corporation and Maqo Engineering Sdn Bhd has been selected as a solar power producer by the Energy Commission under the Corporate Green Power Programme (“CGPP”). We foresee that there will be more activities coming from the renewable energy space over the coming years to reinforce the nation’s strategic focus on sustainable energy.

The Group 51% owned subsidiary, Founder Group Limited (“FGL”) is considering to list on the NASDAQ stock exchange which represents a strategic step for FGL, will offer enhanced financial flexibility through a new fundraising platform to accelerate the expansion and growth trajectory of its solar renewable business. By leveraging on the NASDAQ stock exchange, FGL will also be able to improve its corporate image and visibility to penetrate into a wider market thereby broadening both the existing client and investor base.

The Group managed to secure new contracts since the listing of the Company on the ACE Market of Bursa Securities as follows:

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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
- (v) 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.
- (vi) 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;
- (vii) 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;
- (viii) As announced on 18 April 2022, the Group received a letter of award from Roc Oil (Sarawak) Sdn Bhd for the provision of tubing cutter and tubing cutting for a period of one (1) year from 11 April 2022 to 10 April 2023;
- (ix) As announced on 20 April 2021, the Group was appointed by PETRONAS as an umbrella contractor for the provision of well testing and tubing conveyed perforations (TCP) for Petroleum Arrangement Contractors (PACs) for a period of three (3) years from 6 April 2022 to 5 April 2025;
- (x) As announced on 7 June 2022, the Group received a letter of award from Osram Opto Semiconductors (Malaysia) Sdn Bhd for proposed development of 7,608.6 KWP solar rooftop & building integrated photovoltaics (BIPV) power generation facilities; and

- (xi) As announced on 10 June 2022, the Group received a letter of award from SEA Hibiscus Sdn Bhd for the provision of well services pumping and specialty chemicals for SEA Hibiscus Sdn Bhd for a period of three (3) years from 18 April 2022 to 17 April 2025.
- (xii) As announced on 30 August 2022, the Group received a letter of award from Atlantic Blue Sdn Bhd for the turnkey construction and commissioning of large-scale solar photovoltaic plant (solar generating facility) of 13 MWac at Lot 1223, Mukim Api-Api, Daerah Kuala Selangor, Selangor.
- (xiii) As announced on 12 September 2022, the Group received a letter of award from Savelite Engineering Sdn Bhd for the turnkey construction and commissioning of large-scale solar photovoltaic plant (solar generating facility) of 25 MWac at Lot 9995, Mukim Setiawan, Daerah Manjung, Perak.
- (xiv) As announced on 19 September 2022, the Group received a letter of award from PETRONAS Carigali Sdn Bhd for the provision of completion new technology equipment and services – Boron Eazigoflo for a period of one (1) year from 1 August to 31 July 2023.
- (xv) As announced on 29 September 2022, the Group received a letter of award from PETRONAS Carigali Sdn Bhd for the provision of light weight well test services for Malaysian Asset 2022 – 2024 for a period of two (2) years from 18 August 2022 to 17 August 2023.
- (xvi) As announced on 17 January 2023, the Group received a letter of award from Atlantic Blue Sdn Bhd for engineering, procurement, construction and commissioning of the interconnection facility for the development of large- scale solar photovoltaic plant of 50.00 MWac at Bukit Selambau, Kedah.
- (xvii) As announced on 26 January 2023, the Group received a letter of award from Fabulous Sunview Sdn Bhd for the supply of mounting structure for large-scale solar (“LSS”) photovoltaic plant development in Malaysia.
- (xviii) As announced on 14 July 2023, the Group received a letter of award from Hibiscus Oil & Gas Malaysia Limited for the provision of slickline perforation and specialized services for a period of three (3) years from 3 July 2023 to 2 July 2026.
- (xix) As announced on 1 August 2023, the Group received a letter of award from Petronas Carigali Sdn Bhd for the provision of Annulus Wash and Cement Assurance (AWCA) equipment and services for M1 and Anding campaigns from 11 July 2023 shall remain valid until completion of the scope of work which is estimated to be completed within eighteen (18) months.
- (xx) As announced on 29 September 2023, the Group received a letter of award from Samaiden Sdn Bhd for the subcontract works of Large Scale Solar Photovoltaic Plant (LSSPV) 50MWac Solar Photovoltaic Plant (“PV”) at Sungai Petani, Daerah Kuala Muda, Kedah.

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 2024.

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B3. Profit Forecast

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

B4. Income Tax Expenses

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	3 months	3 months	6 months	6 months
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Income tax	897	784	2,111	1,627
Deferred tax	58	51	116	102
	<u>955</u>	<u>835</u>	<u>2,227</u>	<u>1,729</u>
Effective tax rate (“ETR”) ^(a)	40.4%	17.4%	36.2%	23.5%

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 and year-to-date were higher than the statutory tax rate was mainly due to certain expenses or losses being disallowed for tax purposes, as well as non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

B5. Status of Corporate Proposals
(1) Proposed Acquisition

- (i) As announced on 31 January 2023, the Company wholly-owned subsidiary, Skyline Energy Sdn Bhd (“SESB”) entered into a Term Sheet (“TS”) for the acquisition of 90% equity interest in PT Eco Power Engineering (“EPE”), a company incorporated in Indonesia. The completion of the proposed acquisition is subject to various conditions precedent. For further details please refer to the announcement.
- (ii) As announced on 14 November 2023, the Company wholly owned subsidiary, Reservoir Link Renewable Sdn Bhd (“RLR”) entered into a share sale agreement (“SSA”) with SAG Green Tech Sdn Bhd (“SGT”) for the proposed acquisition of 1,000,000 ordinary shares representing 100% equity interest in SAG Renewables Sdn Bhd (“SAGR”), for a total purchase consideration of RM10,500,000, comprising RM4,500,000 for the Sale Shares and RM6,000,000 for the corporate guarantee to be provided upon the successful transfer of the Sale Shares from SGT to RLR in accordance with the terms of the SSA. For further details please refer to the announcement.

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

(2) Proposed Diversification

As announced on 25 May 2023, the Company 85% owned subsidiary, PT Envirotech Akva Indonesia (“**PTEAI**”) entered into a conditional agreement with PT Unilever Oleochemical Indonesia (“**PTUOI**”) in relation to the construction, commissioning and operations of a dedicated Plant at PTUOI’s facility in Sei Mangkei, North Sumatra, under a “build, own, operate and maintain” (“**BOOM**”) model and its integration with existing assets of PTUOI. This exercise has been completed on 3 May 2023.

(3) Proposed Private Placement

As announced on 25 May 2023, the Company proposed private placement of up to 86,713,500 new ordinary shares in RLEB, representing not more than 30% of the total number of issued shares of the Company.

As announced on 2 August 2023, RLEB has completed the first tranche of the Private Placement following the listing of and quotation for 11,511,000 placement Shares on the Main Market of Bursa Malaysia Securities Berhad.

As announced on 29 September 2023, RLEB has completed the second tranche of the Private Placement following the listing and quotation for 14,867,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad.

As announced on 9 November 2023, RLEB has obtained the approval from Bursa Securities for the extension of time up to 7 May 2024 to complete the Private Placement.

(4) Proposed Employees’ Share Option Scheme

As announced on 26 May 2023, the Company offer and grant option under Employees’ Share Option Scheme (“**ESOS**”) to the eligible persons. The ESOS was granted on 3 August 2023 and the number of shares accepted are 4,934,700 options at the Exercise Price of RM0.2756 per unit.

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B6. Utilisation of Proceeds Raised from the Private Placement⁽¹⁾

The gross proceeds raised from the Private Placement of RM25.1 million are intended to be utilised in the following manner:

No.	Purpose	Proposed Utilisation RM'000	Actual Utilisation up to 31 December 2023 RM'000	Balance Unutilised RM'000	Estimated Timeframe for Utilisation
1	Development cost for the wastewater treatment plant	10,000	7,913*	2,087	Within 12 months
2	Renewable Energy projects	14,000	-	14,000	Within 24 months
3	Working capital	807	-	807	Within 12 months
4	Estimated expenses for the Proposals	340	-	340	Immediate
		25,147	7,913	17,234	

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

- (i) On 2 August 2023, we have place out first tranche of 11,511,000 units of shares for RM3.4 million.
- (ii) On 25 September 2023, we have place out second tranche of 14,867,000 units of shares for RM4.5 million.

Notes:

- (1) The utilisation of proceeds as disclosed above should be read in conjunction with the circular dated 25 May 2023.
- (2) *The proceeds from tranche 1 and 2 total RM7.9 million has been fully utilised for the development cost for the wastewater treatment plant.

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B7. Bank Borrowings

	Unaudited	
	As at 31.12.2023	As at 30.06.2023
	RM'000	RM'000
<u>Secured</u>		
-		
Current liabilities:		
Bankers' acceptances	9,165	983
Bank overdrafts	5,662	4,460
Credit card	48	
Factoring payables	2,381	3,239
Invoice financing	12,771	5,435
Revolving Credit	2,526	2,928
Share margin financing	5	5
Term loans	26,403	1,744
	58,961	18,793
Non-current liability:		
Term loans	9,180	9,755
Total	68,141	28,548

B8. Material Litigation

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

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B9. Earnings per Share (“EPS”)

(a) Basic	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Profit after taxation attributable to owners of the Company (RM'000)	318	3,359	1,535	3,787
Weighted average number of ordinary shares in issue ('000)	306,149	289,788	306,149	289,788
Basic EPS attributable to equity holders of the Company (sen) ^(a)	0.10	1.16	0.50	1.31
(b) Diluted	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Profit after taxation attributable to owners of the Company (RM'000)	318	3,359	1,535	3,787
Weighted average number of ordinary shares in issue ('000)	306,149	289,788	306,149	289,788
Number of potential shares to be issued ('000) arising from the exercise of ESOS and warrants.	73,567	71,250	73,567	71,250
Diluted EPS (sen) (b)	0.08	0.93	0.40	1.05

Notes:

(a) *The basic (LPS)/EPS is computed based on profit attributable to the owners of the Company and a weighted average number of ordinary shares issued during the period under review.*

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

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B10. Profit Before Tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited)		(Unaudited)	
	3 months ended		6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- under provision in prior year	-	(9)	-	-
- current year	32	22	32	22
Depreciation of property, plant and equipment	1,146	1,051	2,216	2,102
Depreciation of investment properties	29	29	58	59
Depreciation of right-of-use assets	69	146	137	293
Interest expenses	860	490	1,431	670
Interest income	(167)	(42)	(235)	(106)
Impairment losses on trade receivables	-	27	-	27
Listing expenses	-	-	-	51
Property, plant & equipment written off	-	47	-	57
Realised loss/(gain) on foreign exchange	55	86	155	(195)
Short term lease expenses	699	(201)	1,567	1,064
Rental income	(40)	(67)	(80)	(134)
Unrealised loss/(gain) on foreign exchange	388	(324)	552	199

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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