



**REACH ENERGY  
BERHAD**

company no: 1034400-D  
(Incorporated in Malaysia)

Report on unaudited quarterly  
financial results for the period  
1 July 2017  
to 30 September 2017  
("Interim Financial Statements")

(The figures have not been audited)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER	CUMULATIVE QUARTER	CUMULATIVE 9 MONTHS
		Unaudited for the quarter ended 30 September 2017	Unaudited for the quarter ended 30 June 2017	Unaudited for the period ended 30 September 2017	Unaudited for the period ended 30 September 2016
Note	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	B2	22,106	40,737	107,468	-
Negative goodwill		-	-	-	-
Depreciation, depletion and amortisation		(7,687)	(8,338)	(24,232)	(207)
Distribution expenses		(4,209)	(8,371)	(21,128)	-
Employee compensation costs		(3,510)	(4,203)	(12,341)	(4,144)
General and administrative expenses		(2,988)	(4,575)	(10,108)	(13,774)
Other operating expenses - net		-	(2,956)	(5,080)	-
Purchase, services and other direct costs		(4,541)	(8,961)	(19,631)	-
Taxes other than income taxes		(9,371)	(9,815)	(33,011)	-
Operating expenses		<u>(32,306)</u>	<u>(47,219)</u>	<u>(125,531)</u>	<u>(18,125)</u>
Other operating income		2,236	-	-	-
<b>Loss from operations</b>		<b>(7,964)</b>	<b>(6,482)</b>	<b>(18,063)</b>	<b>(18,125)</b>
Finance income		-	1,620	2,384	24,235
Finance cost		(15,687)	(18,216)	(48,072)	(23,761)
Finance cost- net		(15,687)	(16,596)	(45,688)	474
<b>Loss before taxation</b>	B13	<b>(23,651)</b>	<b>(23,078)</b>	<b>(63,751)</b>	<b>(17,651)</b>
Income tax benefits	B14	3,143	1,826	4,229	3
<b>Loss for the financial period</b>		<b>(20,508)</b>	<b>(21,252)</b>	<b>(59,522)</b>	<b>(17,648)</b>
<b>Loss attributable to:-</b>					
Owners of the Company		(12,312)	(14,533)	(36,574)	(17,648)
Non controlling interests		(8,196)	(6,719)	(22,948)	-
<b>Loss for the financial period</b>		<b>(20,508)</b>	<b>(21,252)</b>	<b>(59,522)</b>	<b>(17,648)</b>
<b>Earnings per share attributable to Owners of the Company</b>	B12				
Basic loss per ordinary share (RM):		(0.01)	(0.01)	(0.02)	(0.01)
Diluted loss per ordinary share (RM):		(0.01)	(0.01)	(0.02)	(0.01)
<b>Loss for the financial period</b>		<b>(20,508)</b>	<b>(21,252)</b>	<b>(59,522)</b>	<b>(17,648)</b>
<b>Other comprehensive expenses, net of tax</b>					
<b>Items that will be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences		(7,848)	(10,095)	(24,443)	-
<b>Total comprehensive expenses for the financial period</b>		<b>(28,356)</b>	<b>(31,347)</b>	<b>(83,965)</b>	<b>(17,648)</b>
<b>Total comprehensive expenses for period attributable to:</b>					
Owners of the Company		(17,107)	(20,505)	(51,326)	(17,648)
Non-controlling interests		(11,249)	(10,842)	(32,639)	-
<b>Total comprehensive expenses for the financial period</b>		<b>(28,356)</b>	<b>(31,347)</b>	<b>(83,965)</b>	<b>(17,648)</b>

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes.

**REACH ENERGY BERHAD**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited As at 30 September 2017 RM'000	Audited As at 31 December 2016 RM'000
<b>Asset</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,696,385	1,806,504
Intangible assets		618	713
Prepayments and other receivables		4,584	4,864
Restricted cash		6,818	6,915
		<u>1,708,405</u>	<u>1,818,996</u>
<b>Current assets</b>			
Inventories		8,524	7,398
Trade receivables		6,982	9,076
Prepayments and other receivables		17,933	30,539
Amount due from corporate shareholder		141	43
Deposits, cash and bank balances		46,488	105,725
		<u>80,068</u>	<u>152,781</u>
<b>Total current assets</b>		<b>80,068</b>	<b>152,781</b>
<b>Total assets</b>		<b>1,788,473</b>	<b>1,971,777</b>
<b>Current liabilities</b>			
Trade payables		55,627	46,698
Accruals and other payables		41,634	98,143
Amount due to corporate shareholder	A7	263,895	273,312
Current tax liabilities		1,074	4,573
		<u>362,230</u>	<u>422,726</u>
<b>Total current liabilities</b>		<b>362,230</b>	<b>422,726</b>
<b>Net current liabilities</b>		<b>(282,162)</b>	<b>(269,945)</b>
<b>Total assets less current liabilities</b>		<b>1,426,243</b>	<b>1,549,051</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		86,543	96,158
Amount due to corporate shareholder	A7	364,459	361,856
Accruals and other payables		12,914	41,103
Provisions		11,307	14,949
		<u>475,223</u>	<u>514,066</u>
<b>Net assets</b>		<b>951,020</b>	<b>1,034,985</b>
<b>Equity</b>			
Capital		488,975	488,651
Capital redemption reserves		-	324
Foreign exchange reserve		(14,538)	128
Non-controlling interest		227,130	259,855
Warrants reserve		198,914	198,914
Share-based payment reserves		821	821
Retained earnings		49,718	86,292
		<u>951,020</u>	<u>1,034,985</u>
<b>Equity attributable to owners of the Company</b>		<b>951,020</b>	<b>1,034,985</b>
<b>Net assets per share (RM)</b>		0.87	0.94

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited consolidated financial statements for the financial period ended 31 December 2016 and the accompanying explanatory notes.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<----- **Attributable to Equity Holders of the Company** ----->  
 <----- **Non-distributable** ----->

	Capital	Capital redemption reserves	Warrants reserve	Share-based payment reserves	Foreign exchange reserve	Retained earnings	Total	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1 January 2017</b>									
Balance b/f	488,651	324	198,914	821	128	86,292	775,130	259,855	1,034,985
Loss for the financial period									
Other comprehensive loss, net of tax	-	-	-	-	-	(36,574)	(36,574)	(22,948)	(59,522)
- Foreign currency translation	-	-	-	-	(14,666)	-	(14,666)	(9,777)	(24,443)
Total comprehensive loss for the financial period	-	-	-	-	(14,666)	(36,574)	(51,240)	(32,725)	(83,965)
Transition to non-par value regime on 31 January 2017	324	(324)	-	-	-	-	-	-	-
<b>As at 30 September 2017</b>	<b>488,975</b>	<b>-</b>	<b>198,914</b>	<b>821</b>	<b>(14,538)</b>	<b>49,718</b>	<b>723,890</b>	<b>227,130</b>	<b>951,020</b>
<b>As at 1 January 2016</b>									
Balance b/f	22,035	-	45,278	459	-	(39,234)	28,538	-	28,538
Reclassification of financial liability component of the Public Issue Share	-	-	-	-	-	-	-	-	-
Public Issue Share	466,940	-	153,636	-	-	-	620,576	-	620,576
Cancellation of shares on 18.14% dissenting shareholders	(324)	324	-	-	-	-	-	-	-
Share based payment transaction	-	-	-	362	-	-	362	-	362
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	265,052	265,052
Profit for the financial year	Other	-	-	-	-	125,526	125,526	(5,282)	120,244
comprehensive income, net of tax	-	-	-	-	-	-	-	-	-
- Foreign currency translation	-	-	-	-	128	-	128	85	213
Total comprehensive profit for the financial period	-	-	-	-	128	125,526	125,654	(5,197)	120,457
<b>As 31 December 2016</b>	<b>488,651</b>	<b>324</b>	<b>198,914</b>	<b>821</b>	<b>128</b>	<b>86,292</b>	<b>775,130</b>	<b>259,855</b>	<b>1,034,985</b>

**Note:**

\* "The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account and capital redemption reserves become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM477,687,186.47 for purposes as set out in Sections 618 (3) and the capital redemption reserve of RM323,991.03 for the bonus issue pursuant to Section 618(4) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition."

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Unaudited for the financial period ended 30 September 2017 RM'000</b>	<b>Unaudited for the financial period ended 30 September 2016 RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(63,751)	(17,651)
<i>Adjustments for:-</i>		
Depreciation of property, plant and equipment	24,232	207
Unrealised foreign exchange loss, net	21,553	-
Finance cost	26,815	29,224
Finance income	(2,074)	(24,247)
Share-based payment transaction	-	163
	<u>6,775</u>	<u>(12,304)</u>
Changes in working capital:		
Inventories	(1,126)	-
Prepayment and other receivables	12,121	(6,414)
Trade receivable	1,889	-
Trade payables	11,735	-
Other payables and accruals	(70,009)	(815)
Amount due from subsidiary	(3,353)	(4)
<b>Cash flows used in operating activities</b>	<u>(41,968)</u>	<u>(19,537)</u>
Income tax paid	(12,172)	(4,445)
<b>Net cash used in operating activities</b>	<u>(54,140)</u>	<u>(23,982)</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(8,157)	(17)
Finance income received	863	37,066
Advances to corporate shareholder	(98)	(31,584)
Movement in restricted cash	(315)	-
<b>Net cash (used in)/generated from investing activities</b>	<u>(7,707)</u>	<u>5,465</u>
<b>Cash flows from financing activities</b>		
Finance cost paid	(58)	-
<b>Net cash used in financing activities</b>	<u>(58)</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>	(61,905)	(18,517)
<b>Cash and cash equivalents at the beginning of year</b>	105,725	28,427
<b>Exchange difference on cash and cash equivalents</b>	2,668	-
<b>Cash and cash equivalents at end of period</b>	<u>46,488</u>	<u>9,910</u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited consolidated financial statements for the financial period ended 31 December 2016 and the accompanying explanatory notes.

## NOTES TO THE MANAGEMENT ACCOUNTS

### PART A-EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("MFRS") 134 - INTERIM FINANCIAL REPORTING

#### A1 Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2016 and the accompanying notes attached to the unaudited condensed consolidated interim financial statement.

The explanatory notes attached to unaudited condensed consolidated interim financial statements provide explanations of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

On 25 March 2015, the Board of Directors of Reach Energy Berhad or the Company had resolved to change the financial year end of the Company from 31 July to 31 December. As Reach Energy Berhad ("REB") is no longer a Special Purpose Acquisition Company ("SPAC") effective 16 December 2016 pursuant to its acquisition of Palaeontol B.V ("PBV"), and accordingly the Group shall announce the interim financial report on a quarterly basis as opposed to half yearly basis previously. Due to these changes, there are no comparative figures given for preceding year corresponding quarter in the current report.

#### A2 Changes in accounting policies

(a) Standards, amendments to published standards and interpretations that are applicable to the Group that are effective:

The Group has adopted the following amendments for the first time for the financial year beginning 1 January 2017:

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative"
- Amendments to MFRS 112, Recognition of Deferred Tax Assets for Unrealised Losses
- Amendment to MFRS 12 (Annual Improvements to MFRS Standards 2014–2016 Cycle)

The impact of the new accounting standards, amendments and improvements to published standards on the unaudited condensed consolidated interim financial statements of the Group is not material.

#### A3 Auditors' Opinion on Preceding Annual Financial Statements

The Group's financial statements for the financial year ended 31 December 2016 were not subject to audit qualification.

#### A4 Seasonality or cyclicity of operations

The Group's operations are not affected by any seasonal or cyclical factors.

#### A5 Individually significant items

There are no other significant or unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group on the current financial period under review.

#### A6 Material changes in estimates

There were no significant changes in estimates that have material effect on the current financial period under review.

#### A7 Borrowing, debt and equity security

##### (i) Borrowing

	As at 30 September 2017					
	Long term		Short term		Total borrowings	
	*Foreign denomination	RM denomination	*Foreign denomination	RM denomination	*Foreign denomination	RM denomination
<b>Amount due to corporate shareholder</b>						
Unsecured	86,201	364,459	62,416	263,895	148,617	628,354
	As at 31 December 2016					
	Long term		Short term		Total borrowings	
	*Foreign denomination	RM denomination	*Foreign denomination	RM denomination	*Foreign denomination	RM denomination
<b>Amount due to corporate shareholder</b>						
Unsecured	80,663	361,856	60,926	273,312	141,589	635,168

\*The unsecured borrowings are denominated in United States Dollars ("USD") and translated at the rate of 4.228 (2016: 4.486)

There were no repayments or drawdowns of borrowings made during the 9 months financial period ended 30 September 2017. The amount due to corporate shareholder has the following interest exposures and repayment terms:

Amount	Interest	Repayment terms
RM'000		
191,105	ranging from 10% to 14%	no fixed repayment period
287,635	7.86%	due in 2019
74,616	4.86%	due in 2036
74,998	interest free	repayable on demand

##### (ii) Equity

There were no movements in the issued and paid-up capital of the Company during the current period.

A8 **Dividend paid**  
There was no dividend declared or paid during the current financial period ended 30 September 2017.

A9 **Material events subsequent to the end of the interim period**  
There were no material events after the interim period that have not been reflected in the unaudited condensed consolidated interim financial statements.

A10 **Changes in the composition of the Group**  
There were no changes in the composition of the Group during the current financial period ended 30 September 2017.

A11 **Contingent liabilities or contingent assets**  
There were no contingent liabilities or contingent assets as at 30 September 2017.

A12 **Commitment**

i Capital commitments for the purchase of property, plant and equipment:

	<b>Unaudited As at 30 Sept 2017 RM'000</b>	<b>Audited As at 31 Dec 2016 RM'000</b>
Authorised but not contracted for	80,966	199,091
Contracted but not provided for	10,769	65,904
	<u>91,735</u>	<u>264,995</u>

ii Operating lease commitments

The Group has operating lease commitments related to its non-cancellable operating leases for offices. The future aggregate minimum lease payments under these operating leases are as follows:

	<b>Unaudited As at 30 Sept 2017 RM'000</b>	<b>Audited As at 31 Dec 2016 RM'000</b>
<1 year	1,580	2,186
1-2 years	2,052	2,063
2-5 years	-	46
	<u>3,632</u>	<u>4,295</u>

iii According to the production contracts for four fields in Kazakhstan, the Group is obligated to perform minimum work program during the life of the production contracts. Set out below is the commitment for the minimum work program:

	<b>Unaudited As at 30 Sept 2017 RM'000</b>	<b>Audited As at 31 Dec 2016 RM'000</b>
<1 year	187,380	198,815
1-2 years	267,328	283,641
2-5 years	1,005,763	1,067,136
>5 years	2,822,843	2,995,098
	<u>4,283,314</u>	<u>4,544,690</u>

The minimum work program includes capital expenditure of RM1,372 million (2016: 1,434 million) to be incurred over the life of the production contracts expiring in 2036. Other commitments represent mainly direct operation and maintenance costs of wells and related facilities.

**PART B: ADDITIONAL NOTES TO REQUIREMENTS UNDER CHAPTER 9 OF THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

B1 **Operating Segments**

Operating segments are represented in respect of the Group's business segments. The Group has activities in the following principal areas:

- i Oil and gas
- ii Investment holding

The oil and gas operating segments operates the exploration, development, production and sales of oil and other petroleum products in the Republic of Kazakhstan.

All revenue of the operating segment is contributed by external customer. The major customer, Euro Asian Oil SA ("Euro Asian") is one the largest trading companies in Mangistau region of Western Kazakhstan.

## B1 Operating Segments (Continued)

### Summarised Statement of Comprehensive Income

	CURRENT QUARTER		IMMEDIATE PRECEDING QUARTER		CUMMULATIVE QUARTER		CUMMULATIVE 9 MONTHS	
	Unaudited for the quarter ended 30 September 2017		Unaudited for the quarter ended 30 June 2017		Unaudited financial period ended 30 September 2017		Unaudited financial period ended 30 September 2016	
	Oil & gas	Investment Holdings	Oil & gas	Investment Holdings	Oil & gas	Investment Holdings	Oil & gas	Investment Holdings
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	22,106	-	40,737	-	107,468	-	-	-
<b>Results</b>								
Operating expenses	(30,197)	(2,110)	(44,477)	(2,742)	(117,823)	(7,708)	-	(18,125)
Operating income	2,236	-	-	-	-	-	-	-
Finance (expense)/income, net	(8,451)	(7,236)	(5,473)	(11,123)	(22,972)	(22,716)	-	474
Loss before taxation	(14,306)	(9,346)	(9,213)	(13,865)	(33,327)	(30,424)	-	(17,651)
Income tax benefits/(expenses)	3,174	(31)	1,891	(65)	4,399	(170)	-	3
Loss for the financial period	(11,132)	(9,377)	(7,322)	(13,930)	(28,928)	(30,594)	-	(17,648)

All the amounts are denominated in United States Dollars ("USD") and was translated at an average rate of 4.3329

### Summarised Statement of Financial Position

	Unaudited as at 30 September 2017		Audited as at 31 December 2016	
	Oil & gas	Investment Holdings	Oil & gas	Investment Holdings
	RM'000	RM'000	RM'000	RM'000
Non-current assets	1,708,351	54	1,818,902	94
Current assets	51,502	28,566	109,885	42,896
Current liabilities	(172,864)	(189,366)	(220,905)	(201,821)
Non-current liabilities	(475,223)	-	(514,066)	-
Net assets	1,111,766	(160,746)	1,193,816	(158,831)
Accumulated non-controlling interest		277,130		259,855

All the amounts are denominated in United States Dollars ("USD") and was translated at the closing rate of 4.228 (2016: 4.486).

## B2 Overall Review of Group's Financial Performance

### Comparing with preceding quarter results

	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER	CUMULATIVE QUARTER	CUMULATIVE 9 MONTHS
	Unaudited for the quarter ended 30 September 2017	Unaudited for the quarter ended 30 June 2017	Unaudited for the period ended 30 September 2017	Unaudited for the year ended 30 September 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	22,106	40,737	107,468	-
Negative goodwill	-	-	-	-
Other operating expenses	(32,306)	(47,219)	(125,531)	(18,125)
Other operating income	2,236	-	-	-
Loss before tax	(23,651)	(23,078)	(63,751)	(17,651)
Loss after tax	(20,508)	(21,252)	(59,522)	(17,648)

For the current quarter under review, the Group recorded lower revenue of RM22.1 million as compared to RM40.7 million in the immediate preceding quarter. This is because Reach Energy recognizes revenue from crude oil exports on a Free on Board (FOB) basis. Due to unfavourable weather conditions in the months of August and September, crude shipment was temporarily suspended and the scheduled exports for Q3 were partially deferred to the following quarter. The revenue from the export sale of the deferred crude oil volumes will be recognized in the corresponding quarter in which the crude oil is shipped.

The Group recorded a pre-tax loss of RM 23.6 million as compared to a pre-tax of RM 23.1 million in the immediate preceding quarter. The higher pre-tax loss in the current quarter as compared to preceding quarter was mainly due to the partial deferral of exports in Q3 attributed to insufficient vessels for crude oil loading as a result of poor weather conditions.

Currently, the Group's net asset per share stood at RM0.87 as compared to the average market price of RM0.43 per share.

## B3 Material change in profit before taxation

The Group recorded a loss before taxation of RM 23.6 million in the current three months period while, in the preceding three months period ended 30 June 2017, the Group recorded a loss of RM23.0 million.



#### B4 Prospects

Since gaining effective control over the operation of Emir Oil on 25 May 2017 (the end of the 6 months Transition Period) the Group has been aggressively finding ways to ramp up its production by conducting intensive workover activities on existing producing wells in the Kariman field. In addition, we expect further contribution of oil production from the more prolific North Kariman well NK-1 during its test production period. The conversion process of North Kariman and Yessen fields (currently Development Stage) to Production Contracts is expected to be completed by mid-2018. This will result in continuous oil production from these fields.

We are optimizing field development plans to reduce near term CAPEX without compromising our efforts to gradually ramp-up Emir-Oil production in the near term. The Central Processing Facility (CPF) is scheduled to be commissioned in a phased manner by Q4 2018 with alternative product evacuation routes with deferment of the CAPEX on planned oil and gas pipeline tie-ins.

Operational programs have been initiated to identify and improve the efficiency of work flow and achieve effective cost structure.

On the produced gas, we are actively pursuing better value either by improving product value in existing domestic gas sales and future LPG extraction, gas re-injection to improve oil recovery and power generation for own use.

We have finalised to drill the North Kariman-3 well in Q4 as part of our Exploration Contract obligations. This appraisal well is expected to confirm the presence of additional oil-bearing reservoirs, hence increasing hydrocarbon reserves booked to our Group.

Barring any unforeseen circumstances, the Group remains cautiously optimistic on the recovery of crude oil price ahead.

#### B5 Reserves

The Group has initiated our Annual Reserves Audit process with a newly-appointed Reserves Assessor, Gaffney Cline and Associates (GCA). The 2017 Reserves Report is targeted to be finalized by the end of January 2018.

As at 1 January 2017, the gross reserves (100% basis) of Emir-Oil Concession Block are summarized in the table below:

##### Oil

Field	Oil Reserves (MMSTB)		
	1P 1P (Proved Reserves)	2P 2P (Proved + Probable Reserves)	3P 3P (Proved + Probable + Possible Reserves)
Kariman	20.713	46.229	47.916
Dolinnoe	6.448	13.024	19.011
Aksaz	1.795	2.835	2.916
Exploration*	1.725	13.757	21.050
Emir	0.847	5.297	10.242
<b>TOTAL</b>	<b>31.528</b>	<b>81.142</b>	<b>101.135</b>

##### Gas

Field	Gas Reserves (Bscf)		
	1P 1P (Proved Reserves)	2P 2P (Proved + Probable Reserves)	3P 3P (Proved + Probable + Possible Reserves)
Kariman	8.523	18.805	19.532
Dolinnoe	13.837	27.677	39.865
Aksaz	12.782	22.320	23.251
Exploration*	0.645	4.833	9.393
Emir	0.145	0.799	1.412
<b>TOTAL</b>	<b>35.932</b>	<b>74.434</b>	<b>93.453</b>

##### Oil and Gas

Field	Oil and Gas Reserves (MMboe)		
	1P 1P (Proved Reserves)	2P 2P (Proved + Probable Reserves)	3P 3P (Proved + Probable + Possible Reserves)
Kariman	22.133	49.362	51.171
Dolinnoe	8.755	17.638	25.656
Aksaz	3.925	6.555	6.791
Exploration*	1.833	14.563	22.616
Emir	0.871	5.430	10.477
<b>TOTAL</b>	<b>37.517</b>	<b>93.548</b>	<b>116.711</b>

\*Exploration refers to North Kariman, Yessen, and Borly fields

#### B6 Status of Utilisation of Proceeds Raised From Corporate Proposal

Purpose of Utilisation	Proposed Utilisation	Actual Utilisation
	(RM Million)	(RM Million)
Acquisition of the target company/asset	710,625	580,528
Working capital		
- Remuneration of the management team	15,459	10,828
- Pre-IPO office and corporate expenses	611	25,646
- Others	26,475	22,649
Estimated Listing Expenses	26,000	26,795

**B7 Profit forecast and guarantee**

The Group has not announced or disclosed any profit forecast and guarantee in any public documents.

**B8 Purchase or disposal of quoted securities**

There were no purchase or disposal of quoted securities during the financial period ended 30 September 2017.

**B9 Sale of unquoted investments and/or properties**

There were no sale of unquoted investment and /or properties during the financial period ended 30 September 2017.

**B10 Financial instruments with off-balance sheet risk**

There were no financial instruments with material off-balance sheet risk as at 30 September 2017.

**B11 Material Litigation**

There were no material litigation as at 30 September 2017.

**B12 Earnings per share****i Basic earnings per ordinary share**

The calculation of basic (loss)/ earnings per ordinary share as at 30 September 2017 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, as follows:-

	<b>CURRENT QUARTER</b>	<b>IMMEDIATE PRECEEDING QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>CUMULATIVE 9 MONTHS</b>
	Unaudited for the quarter ended 30 September 2017 RM'000	Unaudited for the quarter ended 30 June 2017 RM'000	Unaudited for the period ended 30 September 2017 RM'000	Unaudited for the period ended 30 September 2016 RM'000
Loss after taxation attributable to owner of the Company	(12,312)	(14,533)	(36,574)	(17,648)
Weighted average number of ordinary shares	1,096,413	1,096,413	1,096,413	1,269,892
Basic earnings per ordinary share (RM)	(0.01)	(0.01)	(0.03)	(0.01)
Diluted loss per ordinary share (RM)	(0.01)	(0.01)	(0.03)	(0.01)

**ii Diluted loss per ordinary share**

Diluted loss per ordinary shares is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding,

adjusted for own shares held, for the effect of all dilutive potential ordinary shares, which comprises of free convertible warrants granted to the shareholders.

The assumed conversions from the exercise of warrants and financial liability arising from public portion of the ordinary shares would be anti-dilutive.

**B13 Loss before taxation**

Loss before taxation is arrived after charging / (crediting):

	<b>CURRENT QUARTER</b>	<b>IMMEDIATE PRECEEDING QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>CUMULATIVE 9 MONTHS</b>
	Unaudited for the quarter ended 30 September 2017 RM'000	Unaudited for the quarter ended 30 June 2017 RM'000	Unaudited for the period ended 30 September 2017 RM'000	Unaudited for the period ended 30 September 2016 RM'000
Interest income from deposits with licensed banks	261	282	863	24,155
Other finance income	(392)	1,294	1,211	-
Foreign exchange loss, net	(5,632)	(10,823)	(20,998)	80
Interest expenses on loan from corporate shareholder in a subsidiary	(9,911)	(7,333)	(26,707)	-
Interest expense on financial liability component of the Public Issue Shares	-	-	-	(23,665)
Other finance cost	(13)	(12)	(58)	(96)

**B14 Income tax benefit**

	<b>CURRENT QUARTER</b>	<b>IMMEDIATE PRECEEDING QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>CUMULATIVE 9 MONTHS</b>
	Unaudited for the quarter ended 30 September 2017 RM'000	Unaudited for the quarter ended 30 June 2017 RM'000	Unaudited for the period ended 30 September 2017 RM'000	Unaudited for the period ended 30 September 2016 RM'000
Current income tax				
Malaysian income tax:				
-Current year	(31)	(65)	(170)	3
Deferred income tax				
Origination and reversal of temporary difference	3,174	1,891	4,399	-
	3,143	1,826	4,229	3

In the current year, the income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

B15 **Realised and unrealised retained profit**

	<b>Unaudited as at 30 Sept 2017</b>	<b>Audited as at 31 Dec 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Analysis of retained gain/(accumulated losses):		
Realised	(37,138)	(50,681)
*Unrealised	(118,091)	4,456
	(155,229)	(46,225)
Less: Consolidation adjustment	204,947	132,517
	49,718	86,292

\* The unrealised retained profit are mainly deferred tax provision and foreign exchange gain of monetary items denominated in a currency other than functional currency.

BY ORDER OF THE BOARD  
CHEN BEE LING (MAICSA 7046517)  
TAN LAI HONG (MAICSA 7057707)

COMPANY SECRETARIES  
DATE