



REACH ENERGY BERHAD

Company no: 201301004557 (1034400-D)
(Incorporated in Malaysia)

Report
on
Unaudited
Quarterly Financial Results
for the Period
1 October 2024
to
31 December 2024

(The figures have not been audited)

REACH ENERGY BERHAD
Company no. 201301004557 (1034400-D)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE QUARTER	CUMULATIVE QUARTER
		Unaudited for the quarter ended 31 Dec 24 RM'000	Unaudited for the quarter ended 31 Dec 23 RM'000	Unaudited for the year ended 31 Dec 24 RM'000	Audited for the year ended 31 Dec 23 RM'000
	Note				
Revenue		48,647	43,891	207,829	208,673
Operating expenses					
Taxes other than income taxes		(13,271)	(18,549)	(61,013)	(66,064)
Purchase, services and other direct costs		(7,477)	(1,911)	(34,274)	(35,751)
Depreciation and amortisation		1,659	(40,816)	(54,168)	(108,355)
Net reversal/(additional) on impairment of non-financial asset		32,082	(400,359)	32,082	(400,359)
Write-off of property, plant and equipment		(1,099)	(13,159)	(1,099)	(13,159)
Distribution expenses		(6,685)	(5,930)	(27,303)	(28,952)
Employee compensation costs		(4,001)	(4,727)	(16,296)	(16,844)
General and administration expenses		(15,174)	18,230	(22,045)	14,958
Net (charge)/reversal on impairment of financial assets		(1,191)	1,587	(1,191)	1,587
Other operating income/(expenses) – net		7,165	(4,481)	5,818	(2,848)
Total operating expenses		<u>(7,992)</u>	<u>(470,115)</u>	<u>(179,489)</u>	<u>(655,787)</u>
Profit/(loss) from operations		40,655	(426,224)	28,340	(447,114)
Share of result of a joint venture		2,635	4,029	3,903	4,029
Finance income		46,043	6,649	25,102	75,416
Finance cost		(12,950)	(13,917)	(62,818)	(67,804)
Finance income/(cost) – net		<u>33,093</u>	<u>(7,268)</u>	<u>(37,716)</u>	<u>7,612</u>
Profit/(loss) before taxation	B11	76,383	(429,463)	(5,473)	(435,473)
Taxation	B12	<u>(13,150)</u>	<u>81,817</u>	<u>(14,284)</u>	<u>79,173</u>
Profit/(loss) for the financial period/year		<u>63,233</u>	<u>(347,646)</u>	<u>(19,757)</u>	<u>(356,300)</u>
Profit/(loss) attributable to:					
Owners of the Company		47,150	(220,871)	(18,113)	(208,295)
Non-controlling interests		<u>16,083</u>	<u>(126,775)</u>	<u>(1,644)</u>	<u>(148,005)</u>
Profit/(loss) for the financial period/year		<u>63,233</u>	<u>(347,646)</u>	<u>(19,757)</u>	<u>(356,300)</u>
Earnings/(loss) per share attributable to owners of the Company	B10				
Basic earnings/(loss) per ordinary share (RM):		<u>0.022</u>	<u>(0.10)</u>	<u>(0.009)</u>	<u>(0.10)</u>
Diluted earnings/(loss) per ordinary share (RM):		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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 2023 and the accompanying explanatory notes.

REACH ENERGY BERHAD
Company no. 201301004557 (1034400-D)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	<u>INDIVIDUAL QUARTER</u>	<u>INDIVIDUAL QUARTER</u>	<u>CUMULATIVE QUARTER</u>	<u>CUMULATIVE QUARTER</u>
	Unaudited for the quarter ended 31 Dec 24	Unaudited for the quarter ended 31 Dec 23	Unaudited for the year ended 31 Dec 24	Audited for the year ended 31 Dec 23
Note	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the financial period/year	63,233	(347,646)	(19,757)	(356,300)
Other comprehensive (expense)/income net of tax				
Items that will be reclassified subsequently to (loss) or profit:				
- Foreign currency translation differences	(1,401)	(29,372)	1,497	(13,215)
Total comprehensive income/(expense) for the financial period/year	<u>61,832</u>	<u>(377,018)</u>	<u>(18,260)</u>	<u>(369,515)</u>
Total comprehensive income/(expense) for the financial period/year attributable to:				
Owners of the Company	46,309	(238,494)	(17,215)	(216,224)
Non-controlling interests	15,523	(138,524)	(1,045)	(153,291)
Total comprehensive income/(expense) for the financial period/year	<u>61,832</u>	<u>(377,018)</u>	<u>(18,260)</u>	<u>(369,515)</u>

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 2023 and the accompanying explanatory notes.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 31 Dec 24 RM'000	Audited As at 31 Dec 23 RM'000
Assets			
Non-current assets			
Property, plant and equipment		808,407	819,017
Intangible assets		5,725	4,042
Right use of assets		3,206	4,055
Prepayment and other receivables		3,820	8,226
Restricted cash		8,688	9,384
Investment in joint venture		4,761	4,055
Total non-current assets		834,607	848,779
Current assets			
Inventories		5,489	5,940
Trade receivables		1,790	311
Prepayment and other receivables		15,903	25,280
Deposits, cash and bank balances		3,514	3,352
Total current assets		26,696	34,883
Total assets		861,303	883,662
Liabilities			
Current liabilities			
Trade payables		38,525	78,164
Accruals and other payables		37,549	57,901
Lease liabilities		561	666
Amount due to related parties	A7	5,870	5,968
Tax payable		3,321	3,309
Borrowings	A7	22,333	8,737
Provisions		12,706	12,555
Total current liabilities		120,865	167,300
Net current liabilities		(94,169)	(132,417)
Total assets less current liabilities		740,438	716,362
Non-current liabilities			
Deferred tax liabilities		18,346	4,925
Amount due to related parties	A7	637,710	587,081
Trade and other payables		15,199	3,265
Borrowings	A7	-	32,210
Lease liabilities		1,588	2,714
Provisions		9,614	9,926
Total non-current liabilities		682,457	640,121
Net assets		57,981	76,241
Equity			
Capital		707,088	707,088
Other reserves		9,467	8,569
Accumulated losses		(550,073)	(531,960)
Equity attributable to owners of the Company		166,482	183,697
Non-controlling interest		(108,501)	(107,456)
Total Equity		57,981	76,241
Net assets attributable to owners of the Company (RM)		0.08	0.09

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes.

REACH ENERGY BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

←----- Attributable to owners of the Company ----->

←----- Non-distributable ----->

	Share Capital RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
As at 1 January 2024	707,088	8,569	(531,960)	183,697	(107,456)	76,241
Loss for the financial year	-	-	(18,113)	(18,113)	(1,644)	(19,757)
Other comprehensive expense, net of tax - Foreign currency translation	-	898	-	898	599	1,497
Total comprehensive expense for the financial year	-	898	(18,113)	(17,215)	(1,045)	(18,260)
As at 31 December 2024	707,088	9,467	(550,073)	166,482	(108,501)	57,981

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes.

REACH ENERGY BERHAD
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AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

←----- Attributable to owners of the Company -----→
 ←----- Non-distributable -----→

	Share Capital RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
As at 1 January 2023	488,975	16,498	(323,665)	181,808	45,835	227,643
Issuance of new ordinary shares	218,113	-	-	218,113	-	218,113
Loss for the financial year	-	-	(208,295)	(208,295)	(148,005)	(356,300)
Other comprehensive expense, net of tax - Foreign currency translation	-	(7,929)	-	(7,929)	(5,286)	(13,215)
Total comprehensive expense for the financial year	-	(7,929)	(208,295)	(216,224)	(153,291)	(369,515)
As at 31 December 2023	707,088	8,569	(531,960)	183,697	(107,456)	76,241

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes.

REACH ENERGY BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 12 months 31 Dec 24 RM'000	Audited 12 months 31 Dec 23 RM'000
Cash flows from operating activities		
Loss before taxation	(5,473)	(435,473)
Adjustments for: -		
Depreciation of property, plant and equipment	54,168	108,355
Impairment of non-financial assets	(32,082)	400,359
Write-off of property, plant and equipment	1,099	13,159
Share of result of a joint venture	(3,903)	(4,029)
Finance cost	62,818	60,312
Finance income	(25,102)	(65,785)
Change in estimate for asset retirement obligations	215	-
Write off of inventory	303	794
Impairment (reversal)/charge of:		
- trade receivables	(63)	30
- cash and bank balances	(59)	(118)
- other receivables	1,313	(1,499)
Net reversal for inventory obsolescence	(4,858)	(1,615)
Additional/(reversal) of provision for claims	11,002	(20,482)
	<u>59,378</u>	<u>54,008</u>
Changes in working capital:		
Inventories	4,837	691
Trade receivables	1,550	(53)
Prepayment and other receivables	(17,859)	18,545
Trade payables	(28,324)	(17,376)
Other payables and accruals	9,265	171
Settlement of claims	(10,634)	(6,063)
Net cash flows generated from operating activities	<u>18,213</u>	<u>49,923</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(38,467)	(37,183)
Purchase of intangible assets	-	(2,582)
Finance income received	819	(2)
Movement in restricted cash	457	839
Net cash used in investing activities	<u>(37,191)</u>	<u>(38,928)</u>
Cash flows from financing activities		
Drawdown of borrowings	31,206	3,839
Loan from related parties	6,870	3,968
Repayment of borrowing	(18,153)	(25,383)
Payment of lease interest	(53)	(52)
Payment of lease principal	(647)	(765)
Net cash generated from/(used in) financing activities	<u>19,223</u>	<u>(18,393)</u>
Net increase/(decrease) in cash and cash equivalents	245	(7,398)
Cash and cash equivalents at the beginning of the year	3,352	10,649
Exchange difference on cash and cash equivalents	(83)	101
Cash and cash equivalents at end of the year	<u>3,514</u>	<u>3,352</u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes.

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

A1. BASIS OF PREPARATION

The unaudited condensed consolidated 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 financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 and the accompanying notes attached to the audited condensed consolidated financial statements.

The explanatory notes attached to unaudited condensed consolidated financial statements provide an explanation 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 2023.

The accounting policies and methods of computation adopted by the Group in these unaudited condensed consolidated financial statements are consistent with those adopted in the audited consolidated financial statements for the financial year ended 31 December 2023, except for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2024.

In the previous financial year, our statutory auditor have issued an unqualified audit opinion with emphasis of matter on material uncertainty relating to going concern. The material uncertainty arising from the continued volatility in crude oil prices, the Group's ability to meet production target, future ability of Super Racer Limited and its sole shareholder to provide timely and sufficient financial support together with the liquidity position of the Group's audited consolidated financial statements for the financial year ended 31 December 2023.

A2. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in this Report are consistent with those adopted in the audited consolidated financial statements for the financial year ended 31 December 2023 except for the adoption of the following new accounting standards and amendments to standards and interpretations:

MFRSs and Amendments effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	Leases – Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements – Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements
Amendments to MFRS 121	Lack of Exchangeability (effective 1 January 2025)

The adoption of the above accounting standards and amendments to standards and interpretations are not expected to have material financial impact to the financial statements of the Group.

A3. AUDITORS' OPINION ON PRECEDING ANNUAL FINANCIAL STATEMENTS

Pursuant to paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's former external auditors, PricewaterhouseCoopers PLT, have issued an unqualified audit opinion with emphasis of matter on material uncertainty relating to going concern, in view of the impact from the continued volatility in crude oil prices, the Group's ability to meet production target, future ability of Super Racer Limited and its sole shareholder to provide timely and sufficient financial support together with the liquidity position of the Group and the Company which is sensitive to changes, in respect of REB's audited financial statements for the financial year ended 31 December 2023 in their report dated 30 April 2024.

A4. SEASONALITY OR CYCLICALITY 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 year under review.

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A6. MATERIAL CHANGES IN ESTIMATES

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

A7. AMOUNT DUE TO RELATED PARTIES/BORROWING/EQUITY

(I) AMOUNT DUE TO RELATED PARTIES/BORROWING

Amount due to related parties	As at 31 Dec 2024					
	Long term		Short term		Total borrowings	
	*Foreign denomination '000	RM denomination '000	*Foreign denomination '000	RM denomination '000	*Foreign denomination '000	RM denomination '000
Unsecured	142,664	637,710	1,313	5,870	143,977	643,580
External Borrowings	*Foreign denomination '000	RM denomination '000	*Foreign denomination '000	RM denomination '000	*Foreign denomination '000	RM denomination '000
Unsecured	-	-	4,800	22,333	4,800	22,333
Total	142,664	637,710	6,113	28,203	148,777	665,913

Amount due to related parties	As at 31 Dec 2023					
	Long term		Short term		Total borrowings	
	*Foreign denomination '000	RM denomination '000	*Foreign denomination '000	RM denomination '000	*Foreign denomination '000	RM denomination '000
Unsecured	127,863	587,081	1,300	5,968	129,163	593,049
External Borrowings	*Foreign denomination '000	RM denomination '000	*Foreign denomination '000	RM denomination '000	*Foreign denomination '000	RM denomination '000
Unsecured	7,015	32,210	1,903	8,737	8,918	40,947
Total	134,878	619,291	3,203	14,705	138,081	633,996

*The unsecured borrowings are denominated in United States Dollars ("USD") and translated at the rate of 4.470 (2023: 4.592).

(II) EQUITY

There were no issuance, cancellation, repurchase, resale, transfer of shares and equity securities during the current financial year ended 31 December 2024.

A8. DIVIDEND PAID

There was no dividend declared or paid during the current financial year ended 31 December 2024.

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A9. SIGNIFICANT AND SUBSEQUENT EVENTS

STATUS OF PRACTICE NOTE 17

On 3 April 2023, the Board of Directors of the Company announced that the Company had triggered the criteria under Paragraph 2.1(e) of PN17 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") as its had an unqualified audit opinion which highlighted a paragraph on material uncertainty related to going concern on the Group in respect of the Group's Audited Financial Statements for the financial year ended 31 December 2022 and the Company's shareholders' equity on a consolidated basis is 50% or less of its share capital as announced on 28 February 2023.

As a result, the Company is required to submit its regularisation plan to the Securities Commission Malaysia within 12 months from the date of its announcement. On 2 February 2024, TA Securities Holdings Berhad ("TA Securities") was appointed as principal adviser ("Principal Adviser") for the proposed regularisation plan pursuant to paragraph 8.04(3) of the Listing Requirements of Bursa Securities.

The Principal Adviser had on 18 September 2024 submitted an application to Bursa Securities for a further extension of time up to 2 April 2025 for the Company to submit a regularisation plan to the relevant authorities. The extension was approved by Bursa Securities on 18 October 2024.

The extension of time is without prejudice to Bursa Securities' right to proceed to suspend the trading of the listed securities of the Company and to de-list the Company in the event:

- (i) the Company fails to submit its regularisation plan to the relevant regulatory authorities on or before 2 April 2025;
- (ii) the Company fails to obtain the approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; or
- (iii) the Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

Upon occurrence of any of the events set out in (i) to (iii) above, Bursa Securities shall suspend the trading of the listed securities of the Company on the 6th market day after the date of notification of suspension by Bursa Securities and de-list the Company, subject to the Company's right to appeal against the delisting.

Further announcement will be made to Bursa Malaysia Securities Berhad with regards to the development of the regularisation plan in due course.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial year ended 31 December 2024.

A11. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 31 December 2024.

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A12. COMMITMENT

(I) CAPITAL COMMITMENTS FOR THE PURCHASE OF PROPERTY, PLANT AND EQUIPMENT:

	Unaudited As at 31 Dec 24 RM'000	Audited As at 31 Dec 23 RM'000
Authorised but not contracted for	39,456	35,516
Contracted but not provided for	1,617	-
	<u>41,073</u>	<u>35,516</u>

(II) According to the production contracts for oilfields 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:

	Unaudited As at 31 Dec 24 RM'000	Audited As at 31 Dec 23 RM'000
< 1 year	146,339	242,861
1 – 2 years	503,920	378,692
2 – 5 years	616,344	469,292
> 5 years	3,671,069	988,130
	<u>4,937,672</u>	<u>2,078,975</u>

The minimum work program includes capital expenditure of RM 578 million (2023: RM 472 million) to be incurred over the life of the production contracts expiring in 2044. Other commitments represent mainly direct operation and maintenance costs of wells and related facilities.

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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:

OIL AND GAS

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

INVESTMENT HOLDING

The investment holding segment's main activity is to hold the investment in Emir-Oil Concession Block with awarded Exploration and Production Contracts up to year 2044.

(I) SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER		CUMULATIVE QUARTER		CUMULATIVE QUARTER	
	Unaudited for the quarter ended 31 Dec 24		Unaudited for the quarter ended 31 Dec 23		Unaudited for the year ended 31 Dec 24		Audited for the year ended 31 Dec 23	
	Oil & Gas RM'000	Investment Holdings RM'000	Oil & Gas RM'000	Investment Holdings RM'000	Oil & Gas RM'000	Investment Holdings RM'000	Oil & Gas RM'000	Investment Holdings RM'000
Revenue	48,647	-	43,891	-	207,829	-	208,673	-
<u>Results</u>								
Operating expenses	(6,530)	(1,462)	(491,305)	21,190	(176,468)	(3,021)	(672,470)	16,683
Share of result of a joint venture	2,635	-	4,029	-	3,903	-	4,029	-
Finance income/(cost), net	8,605	24,488	22,558	(29,826)	(25,091)	(12,625)	(11,487)	19,099
Profit/(loss) before taxation	53,357	23,026	(420,827)	(8,636)	10,173	(15,646)	(471,255)	35,782
Taxation	(13,150)	-	81,817	-	(14,284)	-	79,173	-
Profit/(loss) for the financial period/year	40,207	23,026	(339,010)	(8,636)	(4,111)	(15,646)	(392,082)	35,782

The amounts for oil and gas segment are denominated in United States Dollars ("USD") and translated at an average rate of 4.562 (2023: 4.564).

(II) SUMMARISED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 Dec 24		Audited as at 31 Dec 23	
	Oil & Gas RM'000	Investment Holdings RM'000	Oil & Gas RM'000	Investment Holdings RM'000
Non-current assets	834,482	125	848,490	289
Current assets	25,970	726	30,034	4,849
Current liabilities	(111,501)	(9,364)	(153,257)	(14,043)
Non-current liabilities	(588,845)	(93,612)	(550,814)	(89,307)
Net assets/(liabilities)	160,106	(102,125)	174,453	(98,212)
Accumulated non-controlling interest		(108,501)		(107,456)

The amounts for oil and gas segment are denominated in United States Dollars ("USD") and translated at the closing rate of 4.470 (2023: 4.592).

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B2. OVERALL REVIEW OF GROUP'S QUARTERLY FINANCIAL PERFORMANCE

(I) COMPARING WITH PRECEDING YEAR QUARTER RESULTS

	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER
	Unaudited for the quarter ended 31 Dec 24 RM'000	Unaudited for the quarter ended 31 Dec 23 RM'000
Revenue	48,647	43,891
Operating expenses	(7,992)	(470,115)
EBITDA	41,631	(381,379)
Profit/(loss) before taxation	76,383	(429,463)
Profit/(loss) after taxation	63,233	(347,646)

Individual Quarter

The Group recorded a revenue of RM 48.6 million for the current quarter under review as compared to RM 43.9 million in the corresponding quarter of the preceding year.

The average production for the fourth quarter of 2024 was 2,677 bopd as compared to 2,480 bopd for the fourth quarter of 2023.

The Group recorded a higher revenue for the current quarter under review as compared to the corresponding quarter of the preceding year. The higher revenue was contributed by a higher sales volume in the fourth quarter of 2024.

The Group has recorded a Profit before Taxation of RM 76.4 million in the fourth quarter of 2024, as compared to Loss before Taxation of RM 429.5 million in the fourth quarter of 2023. The reasons of the higher profit in fourth quarter of 2024 were mainly due to the non-provision of additional impairment of non-financial assets, reversal of the impairment of non-financial assets resulted from higher reserves and higher finance income mainly arising from unrealised foreign exchange gain.

Operating expenses for the current quarter under review showed decrease of RM 462.1 million as compared to the corresponding quarter of the preceding year. The decrease in the operating expenses was mainly due to the decrease in Taxes Other Than Income Taxes, non-provision of additional impairment of non-financial assets and reversal of the impairment of non-financial assets as explained above.

The Group recorded a positive Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of RM 41.6 million in the fourth quarter of 2024 as compared to the negative EBITDA of RM 381.4 million in the fourth quarter of 2023. The positive EBITDA in the fourth quarter of 2024 was attributed by a higher revenue, non-provision of additional impairment of non-financial assets, reversal of the impairment of non-financial assets and unrealised foreign exchange gain as explained above.

(II) COMPARING WITH IMMEDIATE PRECEDING QUARTER RESULTS

	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER
	Unaudited for the quarter ended 31 Dec 24 RM'000	Unaudited for the quarter ended 30 Sep 24 RM'000
Revenue	48,647	54,026
Operating expenses	(7,992)	(63,133)
EBITDA	41,631	16,215
Profit/(loss) before taxation	76,383	(55,362)
Profit/(loss) after taxation	63,233	(64,464)

The Group recorded a revenue of RM 48.6 million for the current quarter under review as compared to RM 54.0 million in the preceding quarter. The lower revenue was attributed by a lower average selling price in the current quarter.

The average production was 2,677 bopd for the fourth quarter of 2024 which was higher as compared to 2,681 bopd for the third quarter of 2024.

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B2. OVERALL REVIEW OF GROUP'S QUARTERLY FINANCIAL PERFORMANCE (CONT'D)

(II) COMPARING WITH IMMEDIATE PRECEDING QUARTER RESULTS (CONT'D)

For the current quarter under review, the Group has recorded Profit before Taxation of RM 76.4 million as compared to the third quarter of 2024 of Loss before Taxation of RM 55.4 million. The higher Profit before Taxation in the current quarter was mainly due to the unrealised foreign exchange gain arising from fluctuation of foreign exchange rate, non-provision of additional impairment of non-financial assets and the reversal of the impairment of non-financial assets resulted from higher reserves.

The Group recorded an operating expense of RM 8.0 million in the fourth quarter of 2024 as compared to RM 63.1 million in the preceding quarter. The lower operating expenses in the fourth quarter of 2024 was mainly due to the decrease in Depreciation and Amortisation, non-provision of additional impairment of non-financial assets and reversal of the impairment of non-financial assets resulted from higher reserves.

The Group recorded a higher Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of RM 41.6 million for the current quarter under review as compared to the EBITDA of RM 16.2 million in the third quarter of 2024. The higher EBITDA in the fourth quarter of 2024 was mainly due to the unrealised foreign exchange gain arising from the fluctuation of foreign exchange rate and the lower operating expenses as explained above.

B3. OVERALL REVIEW OF GROUP'S YEARLY FINANCIAL PERFORMANCE

	CUMULATIVE QUARTER Unaudited for the year ended 31 Dec 24 RM'000	CUMULATIVE QUARTER Audited for the year ended 31 Dec 23 RM'000
Revenue	207,829	208,673
Operating expenses	(179,489)	(655,787)
EBITDA	86,411	(334,730)
Loss before taxation	(5,473)	(435,473)
Loss after taxation	(19,757)	(356,300)

The Group recorded a revenue of RM 207.8 million in the current financial year as compared to RM 208.6 million in the corresponding financial year. The decrease in revenue was mainly attributed by a lower average selling price in the current financial year.

The average production for the current financial year was 2,485 bopd as compared to 2,451 bopd for the corresponding financial year.

The Group recorded a Loss before Taxation of RM 5.5 million in the current financial year while in the corresponding financial year, the Group recorded a Loss before Taxation of RM 435.5 million.

The lower Loss before Taxation in current financial year was mainly due to a lower operating expense in the current financial year. The main reasons of the lower loss in current financial year were mainly due to the decrease in Depreciation and Amortisation, non-provision of additional impairment of non-financial assets and reversal of the impairment of non-financial assets resulted from higher reserves.

The lower operating expenses in the current financial year was mainly due to the lower Depreciation and Amortisation, non-provision of additional impairment of non-financial assets and reversal of the impairment of non-financial assets as explained above.

The Group recorded a positive Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of RM 86.4 million in the current financial year as compared to the negative EBITDA of RM 334.7 million in the corresponding financial year mainly due to the lower operating expenses as explained above.

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B4. PROSPECT

Moving forward, we continue to expect the path towards sustained demand recovery to remain fragile and uncertain as the oil market adjusts to both short-term and long-term landscapes. The industry is continuously facing headwinds from the geopolitical conflict between Russia and Ukraine which resulted in a price inflation and goods distribution disruption.

Our plan in 2024 was to drill and complete one development well in our North Kariman field (NK103) and the work is still ongoing there to bring to production. With the addition of possibly one more new development well, we estimate that the North Kariman field will contribute higher production output over the field life.

It's common for a well's production to decrease after its initial peak, as a means of increasing production output from oil wells we have previously implemented secondary production methods, specifically a gas injection pilot in the second half of 2023. In addition, we are assessing the feasibility of implementing other methods and started a water-injection pilot in Kariman at the end of the fourth quarter of 2024 as a method to enhance production, however these pilots can take a significant period (e.g. more than six months) before discernible results are found.

For delivering of our production target, we will continue to place emphasis on efforts to sustain and further enhance current production level through well workover programs which will involve the replacement of electrical submersible pumps ("ESPs") for the artificial lifting of oil to the surface, re-perforation and stimulation of certain naturally flowing wells and continue with the planned reactivation of idle wells. At the same time, we will also continue to perform maintenance works to improve facilities uptime and facilities debottlenecking; a successful planned maintenance shut-down of the facilities was undertaken in the end of the third quarter/early fourth quarter of 2024 which achieved its objectives and within Health, Safety, and Environment ("HSE") guidelines. The drilling program will be completed in stages in accordance with the Group's financial capability. Drilling on other fields such as Dollinnoe is planned in the future.

We anticipate that the wells in the Proved Developed Producing category will remain operational through 2025 and beyond, with occasional ESP replacements as needed. However, we do expect the production rates of these wells to decline gradually since for example, the Kariman field has low reservoir pressure, which is typical of a mature field and at some future point the ESPs might need to be retrieved due to economic viability.

Aside from implementing initiatives to improve our production output and increase production efficiency, we also intend to address and resolve the price differential issue that has been plaguing Emir-Oil recently and had adversely affected our export sales margins. We are in the midst of identifying alternative routes and negotiating the terms with several potential buyers to enable us to sell our crude oil closer to the international Brent oil prices.

In summary, Emir-Oil needs to drill more development wells, perform well workovers and production enhancement initiatives such as secondary recovery to increase the production and implement cost optimisation efforts.

B5. PROFIT FORECAST AND GUARANTEE

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

B6. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposal of quoted securities during the financial year ended 31 December 2024.

B7. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sale of unquoted investment and /or properties during the financial year ended 31 December 2024.

B8. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

There were no financial instruments with material off-balance sheet risk as at 31 December 2024.

B9. MATERIAL LITIGATION

There was no material litigation as at the reporting date.

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B10. EARNINGS/(LOSS) PER SHARE

(I) BASIC EARNINGS/(LOSS) PER ORDINARY SHARE

The calculation of basic earnings/(loss) per ordinary share as at 31 December 2024 was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, as follows: -

	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE QUARTER	CUMULATIVE QUARTER
	Unaudited for the quarter ended 31 Dec 24 RM'000	Unaudited for the quarter ended 31 Dec 23 RM'000	Unaudited for the year ended 31 Dec 24 RM'000	Audited for the year ended 31 Dec 23 RM'000
Profit/(loss) after taxation attributable to owner of the Company	47,150	(220,871)	(18,113)	(208,295)
Weighted average number of ordinary shares	2,128,957	2,128,957	2,128,957	2,128,957
Basic earnings/(loss) per ordinary share (RM)	0.022	(0.10)	(0.009)	(0.10)
Diluted earnings/(loss) per ordinary share (RM)	N/A	N/A	N/A	N/A

(II) DILUTED EARNINGS/(LOSS) PER ORDINARY SHARE

Diluted earnings/(loss) per ordinary share 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 comprise of free convertible warrants granted to the shareholders.

As at 31 December 2024, there is no dilutive potential ordinary shares.

B11. PROFIT/(LOSS) BEFORE TAXATION

	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE QUARTER	CUMULATIVE QUARTER
	Unaudited for the quarter ended 31 Dec 24 RM'000	Unaudited for the quarter ended 31 Dec 23 RM'000	Unaudited for the year ended 31 Dec 24 RM'000	Audited for the year ended 31 Dec 23 RM'000
Loss before taxation is arrived after (charging)/crediting:				
Finance income:				
-Interest income from deposits with licensed banks	4	1	5	4
-Other finance income				
- Foreign exchange gain (realised and unrealised)	26,227	7,416	1,312	7,860
- Gain on modification of amount due to related party	20,662	37,378	20,662	37,378
- Other finance income	(850)	(38,146)	3,123	30,174
Finance cost:				
-Interest expenses on loan from corporate shareholder in a subsidiary	(11,183)	(12,772)	(45,674)	(45,735)
-Interest expenses on deferred consideration	(988)	(1,055)	(4,090)	(8,838)
-Other finance cost				
- Foreign exchange loss (realised and unrealised)	-	2,232	(9,643)	(9,103)
- Other finance cost	(779)	(2,322)	(3,411)	(4,128)

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B12. TAXATION

	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE QUARTER	CUMULATIVE QUARTER
	Unaudited for the quarter ended 31 Dec 24 RM'000	Unaudited for the quarter ended 31 Dec 23 RM'000	Unaudited for the year ended 31 Dec 24 RM'000	Audited for the year ended 31 Dec 23 RM'000
Foreign income tax:				
- Current year	27	216	(1,751)	838
Deferred tax (expense)/income:				
- Origination and reversal of temporary difference	(13,177)	81,601	(12,533)	78,335
	<u>(13,150)</u>	<u>81,817</u>	<u>(14,284)</u>	<u>79,173</u>

In the current year, the income tax is calculated at the statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the year.

B13. REVIEW BY EXTERNAL AUDITORS

The Board of Directors have engaged the External Auditors to review and report on the Condensed Report of the Group for the quarter and period-to-date ended 31 December 2024 in accordance with the International Standard on Review Engagements (ISRE) 2410 – *Review of Interim Financial Information Performed by The Independent Auditor of The Entity*.

The External Auditors reported to the Board of Directors that nothing had come to their attention to cause them to believe that these historical financial information are not prepared, in all material respects, in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, The report was made to the Board of Directors in accordance with the terms of the engagement letter with the External Auditors and for no other purpose.

BY ORDER OF THE BOARD
WONG YOUN KIM (MAICSA 7018778)

COMPANY SECRETARY
28 FEBRUARY 2025