



# **REACH ENERGY BERHAD**

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

Report  
on  
Unaudited  
Quarterly Financial Results  
for the Period  
1 Oct 2023  
to  
31 Dec 2023

(The figures have not been audited)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

		<b>INDIVIDUAL QUARTER</b>	<b>INDIVIDUAL QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>CUMULATIVE QUARTER</b>
		<b>Unaudited for the quarter ended 31 Dec 23 RM'000</b>	<b>Audited for the quarter ended 31 Dec 22 RM'000</b>	<b>Unaudited for the year ended 31 Dec 23 RM'000</b>	<b>Audited for the year ended 31 Dec 22 RM'000</b>
	<b>Note</b>				
Revenue		43,891	55,311	208,673	169,460
Operating expenses					
Taxes other than income taxes		(18,548)	(34,799)	(66,064)	(70,390)
Purchase, services and other direct costs		(8,487)	(9,150)	(42,327)	(32,604)
Depreciation and amortisation		(53,915)	(19,305)	(121,454)	(78,893)
Impairment of non-financial asset		(379,352)	(44,540)	(379,352)	(44,540)
Write off exploration and evaluation assets		-	(21,636)	-	(21,636)
Distribution expenses		(5,930)	(6,679)	(28,952)	(14,537)
Employee compensation costs		(4,727)	(4,953)	(16,844)	(14,452)
General and administration expenses		13,232	(13,041)	9,960	(30,279)
Net reversal on impairment of financial assets		1	675	1	675
Other operating expenses – net		(4,480)	(6,476)	(2,847)	(4,315)
Share of profits from joint ventures		4,029	-	4,029	-
Total operating expenses		<u>(458,177)</u>	<u>(159,904)</u>	<u>(643,850)</u>	<u>(310,971)</u>
<b>Loss from operations</b>		<b>(414,286)</b>	<b>(104,593)</b>	<b>(435,177)</b>	<b>(141,511)</b>
Finance income		8,850	172	77,617	28,866
Finance cost		(6,145)	(97,900)	(60,032)	(111,468)
Finance income/cost – net		<u>2,705</u>	<u>(97,728)</u>	<u>17,585</u>	<u>(82,602)</u>
<b>Loss before taxation</b>	B12	<b>(411,581)</b>	<b>(202,321)</b>	<b>(417,592)</b>	<b>(224,113)</b>
Income tax benefit/(expense)	B13	75,263	(32,420)	72,619	(10,816)
<b>Loss for the financial period/year</b>		<b><u>(336,318)</u></b>	<b><u>(234,741)</u></b>	<b><u>(344,973)</u></b>	<b><u>(234,929)</u></b>
<b>Loss attributable to:</b>					
Owners of the Company		(209,418)	(168,469)	(196,843)	(157,194)
Non-controlling interests		(126,900)	(66,272)	(148,130)	(77,735)
<b>Loss for the financial period/year</b>		<b><u>(336,318)</u></b>	<b><u>(234,741)</u></b>	<b><u>(344,973)</u></b>	<b><u>(234,929)</u></b>
<b>Loss per share attributable to owners of the Company</b>	B11				
Basic loss per ordinary share (RM):		(0.10)	(0.15)	(0.10)	(0.14)
Diluted loss per ordinary share (RM):		(0.10)	(0.15)	(0.10)	(0.14)
<b>Loss for the financial period/year</b>		<b>(336,318)</b>	<b>(234,741)</b>	<b>(344,973)</b>	<b>(234,929)</b>
<b>Other comprehensive income/(expense) net of tax</b>					
<b>Items that will be reclassified subsequently to profit or (loss):</b>					
- Foreign currency translation Differences		(29,413)	79,408	(13,256)	59,670
<b>Total comprehensive expense for the financial period/year</b>		<b><u>(365,731)</u></b>	<b><u>(155,333)</u></b>	<b><u>(358,229)</u></b>	<b><u>(175,259)</u></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 2022 and the accompanying explanatory notes.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)**

	<b>INDIVIDUAL QUARTER</b>	<b>INDIVIDUAL QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>CUMULATIVE QUARTER</b>
	<b>Unaudited for the quarter ended</b>	<b>Audited for the quarter ended</b>	<b>Unaudited for the year ended</b>	<b>Audited for the year ended</b>
<b>Note</b>	<b>31 Dec 23 RM'000</b>	<b>31 Dec 22 RM'000</b>	<b>31 Dec 23 RM'000</b>	<b>31 Dec 22 RM'000</b>
<b>Total comprehensive expense for the financial period/year attributable to:</b>				
Owners of the Company	(227,066)	(120,824)	(204,797)	(121,392)
Non-controlling interests	(138,665)	(34,509)	(153,432)	(53,867)
<b>Total comprehensive expense for the financial period/year</b>	<b>(365,731)</b>	<b>(155,333)</b>	<b>(358,229)</b>	<b>(175,259)</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 2022 and the accompanying explanatory notes.

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

	Note	Unaudited As at 31 Dec 23 RM'000	Audited As at 31 Dec 22 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		826,972	1,257,518
Intangible assets		4,042	1,671
Right use of assets		4,055	3,997
Prepayment and other receivables		8,226	3,752
Restricted cash		9,384	9,045
Investment in joint ventures		4,055	-
<b>Total non-current assets</b>		<b>856,734</b>	<b>1,275,983</b>
<b>Current assets</b>			
Inventories		5,940	5,470
Trade receivables		311	321
Prepayment and other receivables		25,280	22,847
Amount due from corporate shareholder in a subsidiary		-	4,064
Deposits, cash and bank balances		3,352	10,649
<b>Total current assets</b>		<b>34,883</b>	<b>43,351</b>
<b>Total assets</b>		<b>891,617</b>	<b>1,319,334</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables		78,164	82,410
Accruals and other payables		53,852	34,772
Lease liabilities		599	755
Amounts due to related parties	A7	10,443	391,852
Tax payable		3,310	3,243
Borrowings	A7	8,737	29,289
Provisions		12,134	37,458
<b>Total current liabilities</b>		<b>167,239</b>	<b>579,779</b>
<b>Net current liabilities</b>		<b>(132,356)</b>	<b>(536,428)</b>
<b>Total assets less current liabilities</b>		<b>724,378</b>	<b>739,555</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		11,518	82,067
Amounts due to related parties	A7	588,756	123,240
Trade and other payables		3,265	5,293
Accruals and other payables		-	291,616
Borrowings	A7	32,210	-
Lease liabilities		2,780	2,807
Provisions		9,926	6,889
<b>Total non-current liabilities</b>		<b>648,455</b>	<b>511,912</b>
<b>Net assets</b>		<b>75,923</b>	<b>227,643</b>
<b>Equity</b>			
Capital		695,484	488,975
Other reserves		8,544	16,498
Accumulated losses		(520,508)	(323,665)
Equity attributable to owners of the Company		183,520	181,808
Non-controlling interest		(107,597)	45,835
<b>Total Equity</b>		<b>75,923</b>	<b>227,643</b>
<b>Net assets attributable to owners of the Company (RM)</b>		<b>0.09</b>	<b>0.17</b>

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 2022 and the accompanying explanatory notes.

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

	←----- Attributable to owners of the Company ----->					Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
	←----- Non-distributable ----->							
	Share Capital RM'000	Warrants reserve RM'000	Share- based option reserve RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000			
<b>As at 1 January 2023</b>	488,975	-	-	16,498	(323,665)	181,808	45,835	227,643
Issuance of new ordinary shares	206,509	-	-	-	-	206,509	-	206,509
Loss for the financial year	-	-	-	-	(196,843)	(196,843)	(148,130)	(344,973)
Other comprehensive expense, net of tax - Foreign currency translation	-	-	-	(7,954)	-	(7,954)	(5,302)	(13,256)
Total comprehensive expense for the financial year	-	-	-	(7,954)	(196,843)	(204,797)	(153,432)	(358,229)
<b>As at 31 December 2023</b>	<b>695,484</b>	<b>-</b>	<b>-</b>	<b>8,544</b>	<b>(520,508)</b>	<b>183,520</b>	<b>(107,597)</b>	<b>75,923</b>

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 2022 and the accompanying explanatory notes.

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

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

	Share Capital RM'000	Warrants reserve RM'000	Share- based option reserve RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
<b>As at 1 January 2022</b>	488,975	198,914	821	(19,304)	(366,206)	303,200	99,702	402,902
Transfer of reserve upon expiry of warrants and share based options		(198,914)	(821)	-	199,735	-	-	-
Loss for the financial year	-	-	-	-	(157,194)	(157,194)	(77,735)	(234,929)
Other comprehensive income/(expense), net of tax - Foreign currency translation	-	-	-	35,802	-	35,802	23,868	59,670
Total comprehensive income/(expense) for the financial year	-	-	-	35,802	(157,194)	(121,392)	(53,867)	(175,259)
<b>As at 31 December 2022</b>	<b>488,975</b>	<b>-</b>	<b>-</b>	<b>16,498</b>	<b>(323,665)</b>	<b>181,808</b>	<b>45,835</b>	<b>227,643</b>

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 2022 and the accompanying explanatory notes.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Unaudited 12 months 31 Dec 23 RM'000</b>	<b>Audited 12 months 31 Dec 22 RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(417,592)	(224,113)
Adjustments for: -		
Depreciation of property, plant and equipment	121,454	78,893
Impairment of non-financial assets	379,352	44,540
Write off exploration and evaluation assets	-	21,636
Share of profits from joint ventures	(4,029)	-
Unrealised foreign exchange loss, net	9,103	(924)
Finance cost	50,929	111,468
Finance income	(77,617)	(28,866)
Provision of claims	15,271	21,954
Change in estimate of asset retirement obligations	(1,852)	2,329
Loss on disposal of assets	13,133	-
Write off of inventory	365	345
Write off of property, plant and equipment	885	-
Impairment (reversal)/charge of:		
- trade receivables	30	227
- cash and bank balances	14	(418)
- other receivables	(1,500)	(448)
Net reversal for inventory obsolescence	(1,605)	-
	<u>86,341</u>	<u>26,587</u>
Changes in working capital:		
Inventories	1,110	(3,855)
Trade receivables	(52)	349
Prepayment and other receivables	(60)	(2,896)
Trade payables	(12,860)	4,738
Other payables and accruals	(30,747)	5,627
Settlement of claims	-	(1,782)
<b>Net cash flows generated from operating activities</b>	<u>43,732</u>	<u>28,768</u>
<b>Cash flows from investing activities</b>		
Investment in joint ventures	(2)	-
Purchases of property, plant and equipment	(37,184)	(52,138)
Purchases of intangible assets	-	(584)
Finance income received	839	649
Movement in restricted cash	27	(545)
<b>Net cash used in from investing activities</b>	<u>(36,320)</u>	<u>(52,618)</u>
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	11,784	4,032
Repayment of borrowing	(26,102)	(15,943)
Payment of lease interest	(52)	(56)
Payment of lease principal	(765)	(463)
<b>Net cash used in from financing activities</b>	<u>(15,135)</u>	<u>(12,430)</u>
<b>Net decrease in cash and cash equivalents</b>	(7,723)	(36,280)
<b>Cash and cash equivalents at the beginning of the year</b>	10,649	44,452
<b>Exchange difference on cash and cash equivalents</b>	426	2,477
<b>Cash and cash equivalents at end of the year</b>	<u>3,352</u>	<u>10,649</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 2022 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 2022 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 2022.

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 2022, except for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2023.

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, 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 2022.

**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 2022 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 2023**

Amendments to MFRS 101 and MFRS Practice Statement 2	Presentation of Financial Statements – Disclosures of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 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, future ability of Super Racer Limited and its sole shareholder to provide timely and sufficient financial support in the form of liquid funds as required, 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 2022 in their report dated 28 April 2023.

**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 except for the changes in note B5.



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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 except for the changes in note B5.

**A7. BORROWING, DEBT AND EQUITY SECURITY**

**(I) BORROWING**

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	128,227	588,756	2,274	10,443	130,501	599,199
<b>External Borrowings</b>	<b>*Foreign denomination '000</b>	<b>RM denomination '000</b>	<b>*Foreign denomination '000</b>	<b>RM denomination '000</b>	<b>*Foreign denomination '000</b>	<b>RM denomination '000</b>
Unsecured	7,015	32,210	1,903	8,737	8,918	40,947
<b>Total</b>	<b>135,242</b>	<b>620,966</b>	<b>4,177</b>	<b>19,180</b>	<b>139,419</b>	<b>640,146</b>

Amount due to related parties	As at 31 Dec 2022					
	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	27,927	123,240	88,795	391,852	116,722	515,092
<b>External Borrowings</b>	<b>*Foreign denomination '000</b>	<b>RM denomination '000</b>	<b>*Foreign denomination '000</b>	<b>RM denomination '000</b>	<b>*Foreign denomination '000</b>	<b>RM denomination '000</b>
Unsecured	-	-	6,615	29,289	6,615	29,289
<b>Total</b>	<b>27,927</b>	<b>123,240</b>	<b>95,410</b>	<b>421,141</b>	<b>123,337</b>	<b>544,381</b>

\*The unsecured and secured borrowings are denominated in United States Dollars ("USD") and translated at the rate of 4.592 (2022: 4.413).

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**A7. BORROWING, DEBT AND EQUITY SECURITY (CONT'D)**

**(I) BORROWING (CONT'D)**

**Amounts due to related parties**

There was no repayment of principal on borrowings and no drawdowns of borrowings made during the 12 months financial year ended 31 December 2023. The amounts due to related parties have the following interest exposures and repayment terms:

<u>Non-current</u>	<u>Current</u>	<u>Interest</u>	<u>Repayment terms</u>
RM'000	RM'000		
56,802	-	5%	No fixed repayment period
196,755	-	5%	Due in 2025
194,418	-	Interest free	Due in 2025
67,313	-	4.86%	Due in 2036
73,468	-	Interest free	Due in 2036
-	7,009	Interest free	Repayable on demand**
-	1,784	5%	Due in 2023
-	1,650	Interest free	Due in 2023
<u>588,756</u>	<u>10,443</u>		

**(II) EQUITY**

The Group had on 25 November 2022 announced a proposal to offset USD 49,562,125 or RM 206,508,856 (RM1.00: USD0.24) amount owing to Super Racer Limited ('SRL') via the issuance of 1,032,544,282 new ordinary shares in Reach Energy Berhad ('REB') to SRL at an issue price of RM0.20 per share ("Proposed Debt Settlement").

On 29 March 2023, the Group completed the Proposed Debt Settlement. Following its completion, SRL holds a direct interest of 48.5% in REB. The remaining debt owing to SRL of USD 17,826,886 or RM 78,452,560 is now subjected to an interest rate of 5% per annum reduced from the current interest rate of 14% per annum.

The issued and paid-up capital of REB have been increased by RM 206,508,856 during the current year.

**A8. DIVIDEND PAID**

There was no dividend declared or paid during the current financial year ended 31 December 2023.

**A9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE YEAR**

a) On 3 April 2023, the Board of Directors of REB announced that REB was an affected listed issuer under Practice Note 17 ("PN17") of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). REB triggered Paragraph 2.1(e) of PN17 of the Listing Requirements, where REB 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 2021; and
- in respect of REB's unaudited financial statements for the financial year ended 31 December 2022 whereby REB's shareholders' equity on a consolidated basis is 50% or less of its share capital as announced on 28 February 2023.

Pursuant to the PN17 of the Listing Requirements, REB is required to regularise its condition in the following manner:

- (i) within 12 months from the date of this announcement:
1. submit a regularisation plan to the Securities Commission Malaysia ("SC") if the plan will result in a significant change in the business direction or policy of the Company; or
  2. submit a regularisation plan to Bursa Securities if the plan will not result in a significant change in the business direction or policy of the Company, and obtain Bursa Securities' approval to implement the plan; and

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**A9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE YEAR (CONT'D)**

(ii) implement the plan within the timeframe stipulated by the SC or Bursa Securities as the case may be.

Monthly announcement dated 2 May 2023, 2 June 2023, 3 July 2023, 1 August 2023, 1 September 2023, 2 October 2023, 1 November 2023, 1 December 2023, 2 January 2024, 2 February 2024 and announcement dated 27 June 2023 have been made to inform that REB is in the midst of formulating a regularisation plan to address its financial condition ("Regularisation Plan").

On 2 February 2024, the Board of Directors of the Company announced that the Company has appointed TA Securities Holdings Berhad as the Principal Adviser to assist in the formulation of a regularisation plan and its submission pursuant to paragraph 8.04(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 2023.

**A11. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets as at 31 December 2023.

**A12. COMMITMENT**

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

	<b>Unaudited As at 31 Dec 23 RM'000</b>	<b>Audited As at 31 Dec 22 RM'000</b>
Authorised but not contracted for	35,516	27,519
Contracted but not provided for	-	5,113
	<u>35,516</u>	<u>32,632</u>

**(II) According to the production contracts for six 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 31 Dec 23 RM'000</b>	<b>Audited As at 31 Dec 22 RM'000</b>
< 1 year	242,861	241,030
1 – 2 years	378,692	418,962
2 – 5 years	469,292	476,827
> 5 years	988,130	1,016,875
	<u>2,078,975</u>	<u>2,153,694</u>

The minimum work program includes capital expenditure of RM 472 million (2022: RM 690 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.

All revenue of the operating segment is contributed by external customers. The major customer, Euro Asian Oil SA ("Euro Asian"), is one the largest trading companies in Mangystau region of Western 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 23		Audited for the quarter ended 31 Dec 22		Unaudited for the year ended 31 Dec 23		Audited for the year ended 31 Dec 22	
	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	43,891	-	55,311	-	208,673	-	169,460	-
<b>Results</b>								
Operating expenses	(457,296)	(881)	(155,772)	(4,132)	(638,464)	(5,386)	(304,003)	(6,968)
Finance (cost)/ income, net	20,893	(18,188)	(28,470)	(69,258)	(13,152)	30,737	(44,650)	(37,952)
Loss before taxation	(392,512)	(19,069)	(128,931)	(73,390)	(442,943)	25,351	(179,193)	(44,920)
Income tax benefit/ (expense)	75,263	-	(32,420)	-	72,619	-	(10,816)	-
Loss for the financial period	(317,249)	(19,069)	(161,351)	(73,390)	(370,324)	25,351	(190,009)	(44,920)

The amounts are denominated in United States Dollars ("USD") and translated at an average rate of 4.564 (2022: 4.410).

**(II) SUMMARISED STATEMENT OF FINANCIAL POSITION**

	Unaudited as at 31 Dec 23		Audited as at 31 Dec 22	
	Oil & Gas RM'000	Investment Holdings RM'000	Oil & Gas RM'000	Investment Holdings RM'000
Non-current assets	856,445	289	1,275,866	117
Current assets	30,034	4,849	38,989	4,362
Current liabilities	(153,258)	(13,981)	(569,158)	(10,621)
Non-current liabilities	(559,080)	(89,375)	(220,295)	(291,617)
Net assets/(liabilities)	174,141	(98,218)	525,402	(297,759)

Accumulated non-controlling interest (107,597) 45,835

The amounts are denominated in United States Dollars ("USD") and translated at the closing rate of 4.592 (2022: 4.413).

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**B2. OVERALL REVIEW OF GROUP'S QUARTERLY FINANCIAL PERFORMANCE**

**(I) COMPARING WITH PRECEDING YEAR QUARTER RESULTS**

	<b>INDIVIDUAL QUARTER</b>	<b>INDIVIDUAL QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>CUMULATIVE QUARTER</b>
	<b>Unaudited for the quarter ended 31 Dec 23 RM'000</b>	<b>Audited for the quarter ended 31 Dec 22 RM'000</b>	<b>Unaudited for the year ended 31 Dec 23 RM'000</b>	<b>Audited for the year ended 31 Dec 22 RM'000</b>
Revenue	43,891	55,311	208,673	169,460
Operating expenses	(458,177)	(159,904)	(643,850)	(310,971)
EBITDA	(360,371)	(85,288)	(313,723)	(62,618)
Loss before tax	(411,581)	(202,321)	(417,592)	(224,113)
Loss after tax	(336,318)	(234,741)	(344,973)	(234,929)

**Individual Quarter**

The Group recorded revenue of RM 43.9 million for the current quarter under review as compared to RM 55.3 million in the corresponding quarter of the preceding year.

The average production for the fourth quarter of 2023 was 2,480 bopd as compared to 2,774 bopd for the fourth quarter of 2022.

The Group recorded a lower revenue for the current quarter under review as compared to the corresponding quarter of the preceding year. The lower revenue was attributed by the lower production.

Operating expenses for the current quarter under review showed an increase of RM 298.3 million as compared to the corresponding quarter of the preceding year. The increase in the operating expenses was mainly due to the increase in the impairment of non-financial assets.

The Group recorded a negative Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of RM 360.4 million in the fourth quarter of 2023 as compared to the negative EBITDA of RM 85.3 million in the fourth quarter of 2022. The lower EBITDA in the fourth quarter of 2023 was due to the higher operating expenses resulted from the increase in the impairment of non-financial assets which amounting to RM 379.4 million.

The Finance Cost of RM 60.0 million in the fourth quarter of 2023 mainly consists of interest payable to related parties.

The Group has recorded a Loss before Tax of RM 411.6 million in the fourth quarter of 2023, as compared to Loss before Tax of RM 202.3 million in the fourth quarter of 2022 due to the higher operating expenses as explained above, mainly due to the impairment of non-financial assets of RM 379.4 million resulted from lower reserves as explained in note B5.

Currently, the Group's net asset attributable to owners of the company stands at RM 0.09 as compared to the closing market price of RM 0.03 per share on 28 February 2024.

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

**(II) COMPARING WITH IMMEDIATE PRECEDING QUARTER RESULTS**

	<b>CURRENT QUARTER</b>	<b>IMMEDIATE PRECEDING QUARTER</b>
	<b>Unaudited for the period ended 31 Dec 23 RM'000</b>	<b>Unaudited for the period ended 30 Sep 23 RM'000</b>
Revenue	43,891	66,791
Operating expenses	(458,177)	(64,362)
EBITDA	(360,371)	28,363
Loss before tax	(411,581)	3,609
Loss after tax	(336,318)	3,315

The Group recorded revenue of RM 43.9 million for the current quarter under review as compared to RM 66.8 million in the preceding quarter. The lower revenue was attributed by the lower production.

The average production was 2,480 bopd for the fourth quarter of 2023 which was higher as compared to 2,599 bopd for the third quarter of 2023.

The Group recorded a higher operating expense of RM 458.2 million in the fourth quarter of 2023 as compared to RM 64.4 million in the preceding quarter. The higher operating expenses in the fourth quarter of 2023 was mainly due to the increase in the impairment of non-financial assets resulted from lower reserves as explained in note B5.

The Group recorded a negative Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of RM 360.4 million for the current quarter under review as compared to the positive EBITDA of RM 28.4 million in the third quarter of 2023. The lower EBITDA in the fourth quarter of 2023 was due to the higher operating expenses as explained above.

For the current quarter under review, the Group has recorded Loss before Tax of RM 411.6 million and Loss after Tax of RM 336.3 million as compared to the third quarter of 2023 of Profit before Tax of RM 3.6 million and Profit after Tax of RM 3.3 million.

**B3. OVERALL REVIEW OF GROUP'S YEARLY FINANCIAL PERFORMANCE**

The Group recorded revenue of RM 208.7 million in the current twelve months period ended 31 December 2023 as compared to RM 169.5 million in the corresponding twelve months period ended 31 December 2022. The increase in revenue was mainly attributed to the increase in production in the current twelve months period ended 31 December 2023.

The average production for the current twelve months period ended 31 December 2023 was 2,451 bopd as compared to 2,116 bopd for the corresponding twelve months period ended 31 December 2022.

The Group recorded a Loss before Tax of RM 417.6 million in the current twelve months period ended 31 December 2023 while in the corresponding twelve months period ended 31 December 2022, the Group recorded a Loss before Tax of RM 224.1 million.

The higher operating expenses in the current twelve months period ended 31 December 2023 was mainly due to the higher Purchase, Services and Other Direct Cost, Depreciation and Amortisation and Distribution Expenses which is in tandem with the increase in the production as well as the increase in the impairment of non-financial assets resulted from lower reserves as explained in note B5. The higher General and Administration Expenses in the corresponding twelve months period ended 31 December 2022 was arising from the additional provision of the potential fines for non-fulfilment of contractual obligations in year 2022.

The Group recorded a negative Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of RM 313.7 million in the current twelve months period ended 31 December 2023 as compared to the negative EBITDA of RM 62.6 million in the corresponding twelve months period ended 31 December 2022 mainly due to the higher 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.

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 fourth quarter of 2023 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.

The oil sanctions imposed on Russia resulting from the Russian-Ukraine War had caused oil prices to increase in a short period of time. This had caused a price differential between Emir Oil’s export sale price and the global benchmark Brent price. As a result, the net back from the export sale has been reduced significantly which has given pressure to the revenue and cash flow risk on Emir-Oil.

Emir Oil is in the process to explore new route and suppliers to mitigate these risks amid the war rages on.

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.

Barring any unforeseen circumstances, the Board of Directors believe with our well positioned strategies to continue developing the plans, the Group will generate an improved performance and growth moving forward.

**B5. RESERVES**

As part of our responsibilities as a public-listed E&P Company, we provide transparency of our core assets to shareholders and the public. Our appointed Independent Reserves Assessor, Gaffney, Cline & Associates (Consultants) Pte. Ltd (“GCA”), had completed an independent reserves and economic evaluation of oil and gas properties in the Emir-Oil Concession Block, as at the effective date of 31 December 2023.

As at 31 December 2023, the gross reserves (100% basis) of Emir-Oil Concession Block are summarised in the table below:

**(I) OIL, CONDENSATE AND LIQUEFIED PETROLEUM GAS (LPG)**

FIELD	OIL RESERVES (MMSTB)		
	1P <b>(PROVED RESERVES)</b>	2P <b>(PROVED + PROBABLE RESERVES)</b>	3P <b>(PROVED + PROBABLE + POSSIBLE RESERVES)</b>
Kariman	10.05	18.89	36.33
Dolinnoe	1.60	2.69	4.21
Aksaz	0.23	0.45	0.83
Yessen	0.90	1.49	2.25
<b>Total</b>	<b>12.78</b>	<b>23.52</b>	<b>43.62</b>

**(II) SALES GAS**

FIELD	SALES GAS RESERVES (BSCF)		
	1P <b>(PROVED RESERVES)</b>	2P <b>(PROVED + PROBABLE RESERVES)</b>	3P <b>(PROVED + PROBABLE + POSSIBLE RESERVES)</b>
Kariman	9.26	16.02	28.45
Dolinnoe	6.05	10.53	16.97
Aksaz	2.18	4.53	9.31
Yessen	0.03	0.05	0.08
<b>Total</b>	<b>17.52</b>	<b>31.13</b>	<b>54.81</b>

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**B5. RESERVES (CONT'D)**

**(III) OIL, CONDENSATE, LPG AND GAS RESERVES**

<b>FIELD</b>	<b>(MMBOE)*</b>		
	<b>1P</b> <b>(PROVED RESERVES)</b>	<b>2P</b> <b>(PROVED + PROBABLE RESERVES)</b>	<b>3P</b> <b>(PROVED + PROBABLE + POSSIBLE RESERVES)</b>
Kariman	11.59	21.56	41.07
Dolinnoe	2.61	4.45	7.04
Aksaz	0.59	1.21	2.38
Yessen	0.91	1.50	2.26
<b>Total</b>	<b>15.70</b>	<b>28.72</b>	<b>52.75</b>

\*Gas converted to boe's using a factor of 1:6000 i.e. 6000 scft of gas has the energy equivalent of 1 barrel of oil.

The main reasons for the lower oil and gas reserves compared to YE2022 are:

- 2P Undeveloped reserves at YE2023 associated to the Gas Injection and it is the major reduction. The reason for the reduction is due to uncertainty of the effectiveness of gas injection in the Kariman Field i.e. it has not been proven yet. An expansion of the project is conditional on the success of the initial trial. The delays due to government approval, execution plan and equipment readiness for the pilot project have been overcome in 2023.
- Poorer than expected performance of the Kariman Field, based on observed 2023 values, means a reduction in the Developed reserves there and has impacted the Type Well in the Undeveloped reserves of Kariman with estimated recoverable reserves per future well. Some of the reduction in Developed oil reserves has been offset by better than expected 2023 performance in Kariman.
- At YE2022, there were a total of seven workovers planned for Dolinnoe oil field however this has been reduced to one at YE2023, therefore this causes a reduction of Undeveloped reserves.
- Lower gas volumes are due to a lower gas/oil ratio ("GOR") across the Kariman and Dolinnoe fields based on 2023 observed performance; this, coupled with the lower forecast oil production contributes to the lower gas volumes.
- Removal of condensate and Liquefied Petroleum Gas ("LPG") at YE2023 in its entirety because Emir-Oil has no plans to finalise the gas processing plant of the Central Production Facility ("CPF").



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**B6. PROFIT FORECAST AND GUARANTEE**

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

**B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES**

There were no purchases or disposal of quoted securities during the financial year ended 31 December 2023.

**B8. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no sale of unquoted investment and /or properties during the financial year ended 31 December 2023.

**B9. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK**

There were no financial instruments with material off-balance sheet risk as at 31 December 2023.

**B10. MATERIAL LITIGATION**

**LITIGATION INVOLVING EMIR-OIL LLP AND MINISTRY OF ENERGY OF KAZAKHSTAN ("MOE") IN CONNECTION WITH THE APPLICATION ON THE DEFERRAL OF CONTRACTUAL OBLIGATIONS OF DOLINNOE'S OIL FIELD**

Emir-Oil LLP ("Emir-Oil") had filed a claim to Ministry of Energy of Kazakhstan ("MOE") at Economic Court of Nur-Sultan on 15 July 2022 relating to the approval of the Amendment No. 4 on the deferral of the contractual obligations of Dolinnoe's oil field for period of 2020 to 2021 to period of 2022 to 2025.

During the period from 2020 to 2022, Emir-Oil had submitted several applications to the MOE for the postponement of obligations for period of 2020 to 2021 to period of 2022 to 2025. MOE, however, had rejected Emir-Oil's application on the transfer of Emir-Oil's obligations.

On 15 July 2022, Emir-Oil had decided to submit the claim to the Court of Nur-Sultan city to establish the rejection of the MOE as unjustifiable and oblige the MOE to postpone of the contractual obligations of Dolinnoe's oil field for period of 2020 to 2021 to period of 2022 to 2025.

The preliminary hearing had been held on 8 August 2022 and the second hearing had been held on 22 August 2022. The Court of Nur-Sultan city on 22 August 2022 had rejected the claim of Emir-Oil.

Emir-Oil had filed its appeal to the Appellate Division of the City Court of Nur-Sultan on 23 September 2022. The Court of the City of Astana (formerly known as the City Court of Nur-Sultan) on 28 October 2022 had supported the position of the MOE and rejected the claim of Emir-Oil.

Emir-Oil had filed a cassation complaint ("the Complaint") to the Supreme Court of the Republic of Kazakhstan on 25 April 2023. The Court had on 12 June 2023 at the first preliminarily stage denied Emir-Oil motion. Accordingly, Emir-Oil has the right to petition the Prosecutor General to issue a protest the decision of the Supreme Court of the Republic of Kazakhstan.

On 14 November 2023, the MOE filed a claim in the Specialized Inter-District Economic Court of Astana for the compulsory recovery of debt from Emir-Oil due to non-performance of financial obligations under the Dolinnoe's contract for the period from 2020 to 2021, with a claim amount of approximately KZT 2.6 billion (i.e. RM 27.4 million).

The Specialised Inter-District Economic Court of Astana accepted the MOE's claim. Emir-Oil has submitted the objections on 5 December 2023 to the claim along with supporting documents. The Specialised Inter-District Economic Court of Astana completed the consideration of the MOE's claim and the full text of the reasoned decision of the Court was made available to Emir-Oil on 29 January 2024.

According to the Court's decision, the MOE's claim were partially satisfied. A reduced fine in the amount of KZT 910.3 million (i.e. RM 9.6 million) and a state duty of KZT 27.3 million (i.e. RM 0.3 million) were imposed on Emir-Oil.

The MOE filed an appeal against the decision of the Specialised Inter-District Economic Court of Astana. The appeal has been accepted by the Court. Currently, the Company is awaiting for the transfer of the case to the second instance court for the consideration of the Ministry's appeal by the judicial panel of the Court of the City of Astana.

Hence, the Company is seeking necessary legal advice to resolve and /or to defend the legal suit.

As at 31 December 2023, the provision of the fines for non-fulfilment of contractual obligations based on the reduced fine have been recognised accordingly.

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**B11. LOSS PER SHARE**

**(I) BASIC LOSS PER ORDINARY SHARE**

The calculation of basic loss per ordinary share as at 31 December 2023 was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, as follows: -

	<b>INDIVIDUAL QUARTER</b>	<b>INDIVIDUAL QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>CUMULATIVE QUARTER</b>
	<b>Unaudited for the quarter ended 31 Dec 23 RM'000</b>	<b>Audited for the quarter ended 31 Dec 22 RM'000</b>	<b>Unaudited for the year ended 31 Dec 23 RM'000</b>	<b>Audited for the year ended 31 Dec 22 RM'000</b>
Loss after taxation attributable to owner of the Company	(209,418)	(168,469)	(196,843)	(157,194)
Weighted average number of ordinary shares	2,128,957	1,096,413	2,128,957	1,096,413
Basic loss per ordinary share (RM)	(0.10)	(0.15)	(0.10)	(0.14)
Diluted loss per ordinary share (RM)	N/A	N/A	N/A	N/A

**(II) DILUTED LOSS PER ORDINARY SHARE**

Diluted 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 2023, there is no dilutive potential ordinary shares.

**B12. LOSS BEFORE TAXATION**

	<b>INDIVIDUAL QUARTER</b>	<b>INDIVIDUAL QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>CUMULATIVE QUARTER</b>
	<b>Unaudited for the quarter ended 31 Dec 23 RM'000</b>	<b>Audited for the quarter ended 31 Dec 22 RM'000</b>	<b>Unaudited for the year ended 31 Dec 23 RM'000</b>	<b>Audited for the year ended 31 Dec 22 RM'000</b>
Loss before taxation is arrived after charging/(crediting):				
Interest income from deposits with licensed banks	1	-	4	1
Other finance income	35,355	172	35,800	649
Foreign exchange (loss)/gain, net	(26,506)	(45,127)	41,813	28,216
Interest expenses on loan from corporate shareholder in a subsidiary	(12,022)	(26,488)	(44,987)	(44,552)
Interest expenses on deferred consideration	(1,055)	(6,258)	(8,838)	(23,881)
Other finance cost	6,932	(20,027)	(6,207)	(43,035)

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**B13. INCOME TAX BENEFIT/(EXPENSE)**

	<b>INDIVIDUAL QUARTER</b>	<b>INDIVIDUAL QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>CUMULATIVE QUARTER</b>
	<b>Unaudited for the quarter ended 31 Dec 23 RM'000</b>	<b>Audited for the quarter ended 31 Dec 22 RM'000</b>	<b>Unaudited for the year ended 31 Dec 23 RM'000</b>	<b>Audited for the year ended 31 Dec 22 RM'000</b>
Current income tax				
Foreign income tax:				
- Current year	216	13	838	996
Deferred income tax:				
- Origination and reversal of temporary difference	75,047	(32,433)	71,781	(11,812)
	<u>75,263</u>	<u>(32,420)</u>	<u>72,619</u>	<u>(10,816)</u>

In the current year, the income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year.

**BY ORDER OF THE BOARD**  
**CHEN BEE LING (MAICSA 7046517)**  
**TAI YIT CHAN (MAICSA 7009143)**

**COMPANY SECRETARIES**  
**29 FEBRUARY 2024**