

Company Name : REACH ENERGY BERHAD
Stock Name : REACH
Date Announced : 24 May 2021
Type : General Announcement
Subject : Audit Report - Modified Opinion/Material Uncertainty
Related to Going Concern
Description : Reach Energy Berhad (“REB” or “the Company”) –
Issuance of Unqualified Audit Opinion with Emphasis of
Matter on material uncertainty relation to going concern in
respect of REB’s audited financial statements for the
financial year ended 31 December 2020

Pursuant to paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, kindly note that 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 on operational challenges caused by the Covid-19 pandemic and the suspension of operations of the Group's subsidiary, Emir Oil LLP imposed by the Ministry of Energy of Kazakhstan, in respect of REB's audited financial statements for the financial year ended 31 December 2020.

Emphasis of Matter by Independent Auditors

“We draw attention to Note 3.1 of the financial statements which indicates that the Group and the Company incurred net losses of RM196.8 million and RM363.7 million respectively during the financial year ended 31 December 2020 and, as of that date, the Group's current liabilities exceeded its current assets by RM389.0 million. As stated in Note 3.1, these events or conditions, along with other matters as set forth in that note, indicate that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

None of the Key Audit Matters Disclosed in the Independent Auditors' Report relates to the above Emphasis of Matter.

This announcement is dated 24 May 2021.