



REACH ENERGY BERHAD

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

Report
on
Unaudited
Quarterly Financial Results
for the Period
1 July 2023
to
30 September 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

		INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE QUARTER	CUMULATIVE QUARTER
		Unaudited for the quarter ended 30 Sep 23 RM'000	Unaudited for the quarter ended 30 Sep 22 RM'000	Unaudited for the year ended 30 Sep 23 RM'000	Unaudited for the year ended 30 Sep 22 RM'000
	Note				
Revenue		66,791	39,276	164,782	114,149
Operating expenses					
Taxes other than income taxes		(17,773)	(5,136)	(47,515)	(35,591)
Purchase, services and other direct costs		(14,591)	(9,647)	(33,840)	(23,454)
Depreciation and amortisation		(25,934)	(18,416)	(67,539)	(59,588)
Distribution expenses		(5,682)	(2,929)	(23,022)	(7,858)
Employee compensation costs		(4,169)	(3,073)	(12,117)	(9,499)
General and administration expenses		(1,037)	(1,536)	(3,272)	(17,238)
Other operating income/(expenses) – net		4,824	295	1,633	2,161
Total operating expenses		<u>(64,362)</u>	<u>(40,442)</u>	<u>(185,672)</u>	<u>(151,067)</u>
Profit/(loss) from operations		2,429	(1,166)	(20,890)	(36,918)
Finance income		24,048	30,879	68,767	73,821
Finance cost		(22,868)	(16,801)	(53,887)	(58,695)
Finance income – net		<u>1,180</u>	<u>14,078</u>	<u>14,880</u>	<u>15,126</u>
Profit/(loss) before taxation	B12	3,609	12,912	(6,010)	(21,792)
Income tax (expense)/benefit	B13	(294)	3,459	(2,644)	21,604
Profit/(loss) for the financial period		<u>3,315</u>	<u>16,371</u>	<u>(8,654)</u>	<u>(188)</u>
Profit/(loss) attributable to:					
Owners of the Company		6,634	16,919	12,576	11,275
Non-controlling interests		(3,319)	(548)	(21,230)	(11,463)
Profit/(loss) for the financial period		<u>3,315</u>	<u>16,371</u>	<u>(8,654)</u>	<u>(188)</u>
Earnings per share attributable to owners of the Company	B11				
Basic earnings per ordinary share (RM):		0.003	0.02	0.006	0.01
Diluted earnings per ordinary share (RM):		0.003	0.02	0.006	0.01
Profit/(loss) for the financial period		3,315	16,371	(8,654)	(188)
Other comprehensive income/(expense) net of tax					
Items that will be reclassified subsequently to profit or (loss):					
- Foreign currency translation Differences		45,909	(11,758)	16,157	(19,738)
Total comprehensive income/ (expense) for the financial period		<u>49,224</u>	<u>4,613</u>	<u>7,503</u>	<u>(19,926)</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 2022 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)

	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE QUARTER	CUMULATIVE QUARTER
	Unaudited for the quarter ended 30 Sep 23 RM'000	Unaudited for the quarter ended 30 Sep 22 RM'000	Unaudited for the year ended 30 Sep 23 RM'000	Unaudited for the year ended 30 Sep 22 RM'000
Note				
Total comprehensive income/(expense) for the period attributable to:				
Owners of the Company	34,180	9,864	22,270	(568)
Non-controlling interests	15,044	(5,251)	(14,767)	(19,358)
Total comprehensive expense for the financial period	49,224	4,613	7,503	(19,926)

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 30 Sep 23 RM'000	Audited As at 31 Dec 22 RM'000
Assets			
Non-current assets			
Property, plant and equipment		1,290,627	1,257,518
Intangible assets		1,550	1,671
Right use of assets		3,916	3,997
Prepayment and other receivables		4,082	3,752
Restricted cash		9,177	9,045
Total non-current assets		1,309,352	1,275,983
Current assets			
Inventories		2,004	5,470
Trade receivables		7,709	321
Prepayment and other receivables		27,684	22,847
Amount due from corporate shareholder in a subsidiary		4,064	4,064
Deposits, cash and bank balances		1,550	10,649
Total current assets		43,011	43,351
Total assets		1,352,363	1,319,334
Liabilities			
Current liabilities			
Trade payables		101,223	82,410
Accruals and other payables		57,499	34,772
Lease liabilities		658	755
Amounts due to related parties	A7	14,486	391,852
Tax payable		3,454	3,243
Borrowings	A7	8,245	29,289
Provisions		797	37,458
Total current liabilities		186,362	579,779
Net current liabilities		(143,351)	(536,428)
Total assets less current liabilities		1,166,001	739,555
Non-current liabilities			
Deferred tax liabilities		89,161	82,067
Amounts due to related parties	A7	582,887	123,240
Trade and other payables		5,533	5,293
Accruals and other payables		32,700	291,616
Lease liabilities		2,909	2,807
Borrowings	A7	3,713	-
Provisions		7,443	6,889
Total non-current liabilities		724,346	511,912
Net assets		441,655	227,643
Equity			
Capital		695,484	488,975
Other reserves		26,192	16,498
Accumulated losses		(311,089)	(323,665)
Equity attributable to owners of the Company		410,587	181,808
Non-controlling interest		31,068	45,835
Total Equity		441,655	227,643
Net assets per share (RM)		0.21	0.21

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.

REACH ENERGY BERHAD
Company no. 201301004557 (1034400-D)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←----- Attributable to Equity Holders 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			
As at 1 January 2023	488,975	-	-	16,498	(323,665)	181,808	45,835	227,643
Issuance of new ordinary shares	206,509	-	-	-	-	206,509	-	206,509
Profit/(loss) for the financial year	-	-	-	-	12,576	12,576	(21,230)	(8,654)
Other comprehensive expense, net of tax - Foreign currency translation	-	-	-	9,694	-	9,694	6,463	16,157
Total comprehensive income/(expense) for the financial year	-	-	-	9,694	12,576	22,270	(14,767)	7,503
As at 30 September 2023	695,484	-	-	26,192	(311,089)	410,587	31,068	441,655

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.

REACH ENERGY BERHAD
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AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

←----- Attributable to Equity Holders 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
As at 1 January 2022	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 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)
As at 31 December 2022	488,975	-	-	16,498	(323,665)	181,808	45,835	227,643

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.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 9 months 30 Sep 23 RM'000	Unaudited 9 months 30 Sep 22 RM'000
Cash flows from operating activities		
Loss before tax	(6,010)	(21,792)
Adjustments for: -		
Depreciation of property, plant and equipment	67,539	59,588
Write off exploration and evaluation assets	169	-
Unrealised foreign exchange loss, net	11,335	21,132
Finance cost	42,552	37,563
Finance income	(68,767)	(73,821)
Change in estimate of asset retirement obligations	-	3
Write off of inventory	306	200
Impairment (reversal)/charge of:		
- trade receivables	(1)	2
- cash and bank balances	50	84
- other receivables	(1,504)	302
Net reversal for inventory obsolescence	(303)	(1,666)
	<u>45,366</u>	<u>21,595</u>
Changes in working capital:		
Inventories	3,783	(1,476)
Trade receivables	7,368	7,095
Prepayment and other receivables	6,585	(769)
Trade payables	11,934	10,479
Other payables and accruals	(41,794)	(22,006)
Amount due from corporate shareholder in a subsidiary	(3,893)	-
Net cash flows generated from operating activities	<u>29,349</u>	<u>14,918</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(24,180)	(36,413)
Finance income received	448	478
Movement in restricted cash	420	(293)
Net cash used in from investing activities	<u>(23,312)</u>	<u>(36,228)</u>
Cash flows from financing activities		
Drawdown of borrowings	11,486	-
Repayment of borrowing	(26,662)	(14,560)
Payment of lease interest	(28)	(53)
Payment of lease principal	(591)	(329)
Net cash used in from financing activities	<u>(15,795)</u>	<u>(14,942)</u>
Net decrease in cash and cash equivalents	(9,758)	(36,252)
Cash and cash equivalents at the beginning of the year	10,649	44,452
Exchange difference on cash and cash equivalents	659	4,921
Cash and cash equivalents at end of the period	<u>1,550</u>	<u>13,121</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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Company no. 201301004557 (1034400-D)
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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 period under review.

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

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

Amount due to related parties	As at 30 Sep 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	124,283	582,887	3,089	14,486	127,372	597,373
External Borrowings	*Foreign denomination '000	RM denomination '000	*Foreign denomination '000	RM denomination '000	*Foreign denomination '000	RM denomination '000
Unsecured	792	3,713	1,758	8,245	2,550	11,958
Total	125,075	586,600	4,847	22,731	129,922	609,331

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
External Borrowings	*Foreign denomination '000	RM denomination '000	*Foreign denomination '000	RM denomination '000	*Foreign denomination '000	RM denomination '000
Unsecured	-	-	6,615	29,289	6,615	29,289
Total	27,927	123,240	95,410	421,141	123,337	544,381

*The unsecured and secured borrowings are denominated in United States Dollars ("USD") and translated at the rate of 4.690 (2022: 4.413).

External Borrowings

- The term loan principal of USD 1.2 million carries an interest rate of 5% per annum had been entered with Ruima Group Limited in the year of 2022. The total of the term loan facility has been upsized to USD 1.8 million in year 2023 and the term loan has been fully drawdown in the year of 2023 to finance Reach Energy Berhad's working capital requirements. The outstanding balance was USD 1.8 million equivalent to RM 8.2 million as at 30 September 2023.
- On 29 March 2023, Reach Energy Berhad had entered into a shareholder loan facility agreement with Super Racer Limited ("SRL") to provide a loan facility of USD 5.0 million (equivalent to RM 22.9 million) to the Group at an interest rate equivalent to the Bank Negara Malaysia Overnight Policy rate as at the date of each period in which interest is payable. The loan had been partly drawdown in the year of 2023 to finance the Group's working capital requirements. The outstanding balance was USD 0.8 million equivalent to RM 3.7 million as at 30 September 2023.

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

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 9 months financial period ended 30 September 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		
53,027	-	5%	No fixed repayment period
199,602	-	5%	Due in 2025
190,314	-	Interest free	Due in 2025
68,630	-	4.86%	Due in 2036
71,314	-	Interest free	Due in 2036
-	11,052	Interest free	Repayable on demand**
-	1,822	5%	Due in 2023
-	1,612	Interest free	Due in 2023
<u>582,887</u>	<u>14,486</u>		

** On 18 April 2023, the related party confirmed that it will not request for repayment of these amounts before 30 April 2024.

(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 period.

A8. DIVIDEND PAID

There was no dividend declared or paid during the current financial period ended 30 September 2023.

A9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE YEAR

- a) 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').

The shareholders of REB had on 15 December 2022 approved the 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 (RM1.00: USD4.40) which comprised of principal and interest accrued. The principal portion of the remaining debt owing is now subjected to an interest rate of 5% per annum reduced from the current interest rate of 14% per annum.

- b) On 29 March 2023, SRL had entered into a shareholder loan agreement with REB to provide a loan facility of USD 5 million (equivalent to RM 22.9 million) to REB at an interest rate equivalent to the Bank Negara Malaysia overnight policy rate as at the date of each period in which interest is payable.

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

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

- c) 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
- (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 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").

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 period ended 30 September 2023.

A11. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 September 2023.

A12. COMMITMENT

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

	Unaudited As at 30 Sep 23 RM'000	Audited As at 31 Dec 22 RM'000
Authorised but not contracted for	42,688	27,519
Contracted but not provided for	1,087	5,113
	43,775	32,632

(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:

	Unaudited As at 30 Sep 23 RM'000	Audited As at 31 Dec 22 RM'000
< 1 year	248,966	241,030
1 – 2 years	388,210	418,062
2 – 5 years	481,088	476,827
> 5 years	1,012,967	1,016,875
	2,131,231	2,152,794

The minimum work program includes capital expenditure of RM 733 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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Company no. 201301004557 (1034400-D)
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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 30 Sep 23		Unaudited for the quarter ended 30 Sep 22		Unaudited for the year ended 30 Sep 23		Unaudited for the year ended 30 Sep 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	66,791	-	39,276	-	164,782	-	114,149	-
<u>Results</u>								
Operating expenses	(63,568)	(794)	(39,400)	(1,042)	(181,167)	(4,505)	(148,231)	(2,836)
Finance (cost)/income, net	(11,227)	12,407	(4,704)	18,782	(34,046)	48,926	(16,180)	31,306
(Loss)/profit before taxation	(8,004)	11,613	(4,828)	17,740	(50,431)	44,421	(50,262)	28,470
Income tax (expense)/benefit	(294)	-	3,459	-	(2,644)	-	21,604	-
(Loss)/profit for the financial period	(8,298)	11,613	(1,369)	17,740	(53,075)	44,421	(28,658)	28,470

The amounts are denominated in United States Dollars ("USD") and translated at an average rate of 4.528 (2022: 4.368).

(II) SUMMARISED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 Sep 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	1,309,352	-	1,275,866	117
Current assets	38,080	4,931	38,989	4,362
Current liabilities	(173,313)	(13,049)	(569,158)	(10,621)
Non-current liabilities	(634,906)	(89,440)	(220,295)	(291,617)
Net assets/(liabilities)	539,213	(97,558)	525,402	(297,759)
Accumulated non-controlling interest		31,068		45,835

The amounts are denominated in United States Dollars ("USD") and translated at the closing rate of 4.690 (2022: 4.413).

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

B2. OVERALL REVIEW OF GROUP'S FINANCIAL PERFORMANCE

(I) COMPARING WITH PRECEDING YEAR QUARTER RESULTS

	INDIVIDUAL QUARTER Unaudited for the quarter ended 30 Sep 23 RM'000	INDIVIDUAL QUARTER Unaudited for the quarter ended 30 Sep 22 RM'000	CUMULATIVE QUARTER Unaudited for the year ended 30 Sep 23 RM'000	CUMULATIVE QUARTER Unaudited for the year ended 30 Sep 22 RM'000
Revenue	66,791	39,276	164,782	114,149
Operating expenses	(64,362)	(40,442)	(185,672)	(151,067)
EBITDA	28,363	17,250	46,649	22,670
Profit/(loss) before tax	3,609	12,912	(6,010)	(21,792)
Profit/(loss) after tax	3,315	16,371	(8,654)	(188)

Individual Quarter

The Group recorded revenue of RM 66.8 million for the current quarter under review as compared to RM 39.3 million in the corresponding quarter of the preceding year.

The average production for the third quarter of 2023 was 2,599 bopd as compared to 1,830 bopd for the third quarter of 2022.

The Group recorded a higher revenue for the current quarter under review as compared to the corresponding quarter of the preceding year. The increase in revenue was mainly attributed to the increase in production in third quarter of 2023 as compared to third quarter of 2022.

Operating expenses for the current quarter under review was higher as compared to the corresponding quarter of the preceding year. The higher operating expenses in the third quarter of 2023 was arising from the higher Taxes other than Income Tax, Purchase, Services and Other Direct Cost, Depreciation and Amortisation Cost and Distribution Expenses which is in tandem with the increase in the production.

The Group recorded Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of RM 28.4 million in the third quarter of 2023 as compared to EBITDA of RM 17.3 million in the third quarter of 2022. The higher EBITDA in the third quarter of 2023 was contributed by the higher revenue as explained above.

The Finance Cost of RM 22.9 million in the third quarter of 2023 mainly consists of interest payable to related parties.

The Group has recorded a lower Profit before Tax of RM 3.6 million in the third quarter of 2023, as compared to Profit before Tax of RM 12.9 million in the third quarter of 2022 due to the higher operating expenses as explained above.

Currently, the Group's net asset per share stands at RM 0.21 as compared to the closing market price of RM 0.05 per share on 29 Nov 2023.

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

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

(II) COMPARING WITH IMMEDIATE PRECEDING QUARTER RESULTS

	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER
	Unaudited for the period ended 30 Sep 23 RM'000	Unaudited for the period ended 30 Jun 23 RM'000
Revenue	66,791	50,687
Operating expenses	(64,362)	(54,467)
EBITDA	28,363	15,608
Profit before tax	3,609	27,307
Profit after tax	3,315	28,037

The Group recorded revenue of RM 66.8 million for the current quarter under review as compared to RM 50.7 million in the preceding quarter. The higher revenue for the current quarter under review as compared to preceding quarter was contributed by higher sales in the current quarter.

The average production was 2,599 bopd for the third quarter of 2023 which was higher as compared to 2,264 bopd for the second quarter of 2023. The increase in revenue for the third quarter of 2023 as compared to second quarter 2023 was mainly attributed by the increase in sales volume of the deferred revenue from second quarter arising from the delay in oil processing in June 2023.

The Group recorded a higher operating expense of RM 64.4 million in the third quarter of 2023 as compared to RM 54.5 million in the preceding quarter. The higher operating expenses in the third quarter of 2023 was mainly due to the higher Taxes other than Income Tax, Purchase, Services and Other Direct Cost, and Depreciation and Amortisation which is in tandem with the increase in the production.

The Group recorded a higher Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of RM 28.4 million for the current quarter under review as compared to the EBITDA of RM 15.6 million in the second quarter of 2022. It implied lower operating expenses relative to total revenue in the third quarter of 2023.

For the current quarter under review, the Group has recorded Profit before Tax of RM 3.6 million and Profit after Tax of RM 3.3 million as compared to the second quarter of 2023 of Profit before Tax of RM 27.3 million and Profit after Tax of RM 28.0 million.

B3. MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group recorded revenue of RM 164.8 million in the current nine months period ended 30 September 2023 as compared to RM 114.1 million in the corresponding nine months period ended 30 September 2022. The increase in revenue was mainly attributed to the increase in production in the current nine months period ended 30 September 2023.

The average production for the current nine months period ended 30 September 2023 was 2,441 bopd as compared to 1,895 bopd for the corresponding nine months period ended 30 September 2022.

The Group recorded a Loss before Tax of RM 6.0 million in the current nine months period ended 30 September 2023 while in the corresponding nine months period ended 30 September 2022, the Group recorded a Loss before Tax of RM 21.8 million.

The higher operating expenses in the current nine months period ended 30 September 2023 was mainly due to the higher Taxes other than Income Tax, Purchase, Services and Other Direct Cost, Depreciation and Amortisation and Distribution Expenses which is in tandem with the increase in the production. The higher General and Administration Expenses in the corresponding nine months period ended 30 September 2022 was arising from the additional provision of the potential fines for non-fulfilment of contractual obligations in year 2022.

The Group recorded a higher Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of RM 46.6 million in the current nine months period ended 30 September 2023 as compared to the EBITDA of RM 22.7 million in the corresponding nine months period ended 30 September 2022 mainly contributed by higher revenue in the current nine months period ended 30 September 2023.

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

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 extensive-well workover programs which will involve the replacement of electrical submersible pumps ("ESPs") for the artificial lifting of oil to the surface. At the same time, we will also perform maintenance works to improve facilities uptime, facilities debottlenecking, re-perforation, acid stimulation and reactivation of idle wells to further this objective along. The drilling program will be completed in stages in accordance with the Group's financial capability. The gas injection initiative will be divided into two phases with Phase 1 involving the injection of the gas into one of the Kariman's wells.

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 to increase the production and implement cost optimisation efforts. The implementation of gas injection project marked a significant milestone in Emir-Oil operations as a prudent operator.

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.

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

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, 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 2022.

As at 31 December 2022, the gross reserves (100% basis) of Emir-Oil Concession Block are summarised in the table below:

(I) OIL AND LIQUEFIED PETROLEUM GAS (LPG)

FIELD	OIL RESERVES (MMSTB)		
	1P <u>(PROVED RESERVES)</u>	2P <u>(PROVED + PROBABLE RESERVES)</u>	3P <u>(PROVED + PROBABLE + POSSIBLE RESERVES)</u>
Kariman	13.12	40.39	63.47
Dolinnoe	2.82	5.18	7.89
Aksaz	0.52	0.91	1.53
Yessen	0.50	0.75	1.05
Emir	0.03	0.07	0.14
Total	16.99	47.30	74.08

(II) GAS

FIELD	GAS RESERVES (BSCF)		
	1P <u>(PROVED RESERVES)</u>	2P <u>(PROVED + PROBABLE RESERVES)</u>	3P <u>(PROVED + PROBABLE + POSSIBLE RESERVES)</u>
Kariman	13.64	50.36	75.03
Dolinnoe	12.87	23.52	34.95
Aksaz	2.92	5.45	9.22
Yessen	0.02	0.03	0.04
Emir	0.00	0.01	0.01
Total	29.45	79.37	119.25

(III) OIL, LPG AND GAS

FIELD	OIL AND GAS RESERVES (MMBOE)		
	1P <u>(PROVED RESERVES)</u>	2P <u>(PROVED + PROBABLE RESERVES)</u>	3P <u>(PROVED + PROBABLE + POSSIBLE RESERVES)</u>
Kariman	15.39	48.78	75.98
Dolinnoe	4.97	9.10	13.72
Aksaz	1.01	1.82	3.07
Yessen	0.50	0.76	1.06
Emir	0.03	0.07	0.14
Total	21.90	60.53	93.97

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

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 period ended 30 September 2023.

B8. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sale of unquoted investment and /or properties during the financial period ended 30 September 2023.

B9. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

There were no financial instruments with material off-balance sheet risk as at 30 September 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 KZT2,632,000,000 (RM24,761,000).

The Specialised Inter-District Economic Court of Astana accepted the MOE's claim. Emir-Oil will submit objections to the claim along with supporting documents.

Currently, the Company is seeking necessary legal consultation to address and defend against the claim filed by MOE.

In the event that the suit is not in favour of Emir-Oil, the financial and operation impact to the Emir-Oil shall be limited to fulfil the contractual obligations and pay a fine of KZT2,632,000,000 (RM24,761,000). As at 31 December 2022, the Group has recognised a provision for this fine amount.

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

B11. EARNINGS PER SHARE

(I) BASIC EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share as at 30 September 2023 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 30 Sep 23 RM'000	Unaudited for the quarter ended 30 Sep 22 RM'000	Unaudited for the year ended 30 Sep 23 RM'000	Unaudited for the year ended 30 Sep 22 RM'000
Profit after taxation attributable to owner of the Company	6,634	16,919	12,576	11,275
Weighted average number of ordinary shares	2,128,957	1,096,413	2,128,957	1,096,413
Basic earnings per ordinary share (RM)	0.003	0.02	0.006	0.01
Diluted earnings per ordinary share (RM)	N/A	N/A	N/A	N/A

(II) DILUTED EARNINGS PER ORDINARY SHARE

Diluted earnings 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 30 September 2023, there is no dilutive potential ordinary shares.

B12. PROFIT/(LOSS) BEFORE TAXATION

	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE QUARTER	CUMULATIVE QUARTER
	Unaudited for the quarter ended 30 Sep 23 RM'000	Unaudited for the quarter ended 30 Sep 22 RM'000	Unaudited for the year ended 30 Sep 23 RM'000	Unaudited for the year ended 30 Sep 22 RM'000
Profit/(loss) before taxation is arrived after charging/(crediting):				
Interest income from deposits with licensed banks	1	-	4	1
Other finance income	133	195	444	477
Foreign exchange gain/(loss), net	23,914	30,684	68,319	73,343
Interest expenses on loan from corporate shareholder in a subsidiary	(10,715)	(6,275)	(32,965)	(18,064)
Interest expenses on deferred consideration	(1,014)	(6,130)	(7,783)	(17,623)
Other finance cost	(11,139)	(4,396)	(13,139)	(23,008)

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

B13. INCOME TAX (EXPENSE)/BENEFIT

	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE QUARTER	CUMULATIVE QUARTER
	Unaudited for the quarter ended 30 Sep 23 RM'000	Unaudited for the quarter ended 30 Sep 22 RM'000	Unaudited for the year ended 30 Sep 23 RM'000	Unaudited for the year ended 30 Sep 22 RM'000
Current income tax				
Foreign income tax:				
- Current year	238	213	621	983
Deferred income tax:				
- Origination and reversal of temporary difference	(532)	3,246	(3,265)	20,621
	<u>(294)</u>	<u>3,459</u>	<u>(2,644)</u>	<u>21,604</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
30 NOVEMBER 2023