



REACH ENERGY BERHAD
(Company No: 1034400-D)

ANNUAL REPORT
2016



ENERGY WITHIN REACH

ENERGY WITHIN REACH

Globally, substantial oil and gas reserves still remain unreachable or untapped in mature hydrocarbon basins. Our tagline “Energy Within Reach” reflects Reach Energy’s goal of rejuvenating brownfields and mature assets in these basins to economically access the remaining hydrocarbon reserves with new techniques and technologies.

VISION

REACH ENERGY aspires to be a leading independent Malaysian Oil & Gas Company

MISSION

REACH ENERGY aims to be a Global player in the Oil & Gas Industry to:

- Grow upstream petroleum reserves
- Deliver robust shareholder value
- Increase oil and gas production
- Develop strong technical base



CORPORATE STRATEGIES

- To build a strong base in the global upstream oil and gas value chain
- To establish an organisation of multidisciplinary teams with the right talent and capabilities to realise our Vision and Mission
- To access world class expertise and resources
- To establish strategic alliances
- To develop a productive relationship with stakeholders
- To create a balanced Exploration and Production (E&P) portfolio
- To manage risks effectively



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dr. Azmil Khalili Bin Dato' Khalid

Executive Chairman
(Appointed on 23 January 2017)

Ir. Shahul Hamid Bin Mohd Ismail

Executive Director /
Chief Executive Officer

(Redesignated from Managing Director to Executive Director
and General Director of Emir Oil L.L.P. on 24 January 2017)
(Appointed as Chief Executive Officer on 14 April 2017)

Tan Siew Chaing

Executive Director
(Appointed on 23 January 2017)

Izlan Bin Izhah

Senior Independent
Non-Executive Director
(Resigned as Chairman on 24 January 2017)

Nik Din Bin Nik Sulaiman

Independent
Non-Executive Director

Aonghus Joseph O'Carroll

Independent
Non-Executive Director



AUDIT COMMITTEE

Nik Din Bin Nik Sulaiman (Chairman)
Izlan Bin Izhah
Aonghus Joseph O'Carroll

NOMINATION COMMITTEE

Izlan Bin Izhah (Chairman)
Nik Din Bin Nik Sulaiman
Aonghus Joseph O'Carroll

REMUNERATION COMMITTEE

Izlan Bin Izhah (Chairman)
Nik Din Bin Nik Sulaiman
Ir. Shahul Hamid Bin Mohd Ismail

RISK MANAGEMENT COMMITTEE

Aonghus Joseph O'Carroll (Chairman)
Ir. Shahul Hamid Bin Mohd Ismail
Nik Din Bin Nik Sulaiman

COMPANY SECRETARIES

Chen Bee Ling (MAICSA 7046517)
Tan Lai Hong (MAICSA 7057707)

REGISTERED OFFICE

Level 8, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel No : (603) 7841 8000
Fax No : (603) 7841 8199

HEAD OFFICE

D3-5-8, Block D3, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur, Malaysia
Tel No : (603) 6412 3000
Fax No : (603) 6412 8005
Email: info@reachenergy.com.my
Website: www.reachenergy.com.my

CORPORATE INFORMATION

(cont'd)



SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd. (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : (603) 7849 0777
Fax No : (603) 7841 8151/52

AUDITORS

PricewaterhouseCoopers (AF: 1146)
Chartered Accountants
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur

PRINCIPAL BANKERS

Hong Leong Islamic Bank Berhad
BNP Paribas Capital (Malaysia) Sdn Bhd

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK SHORT NAME AND CODE

REACH 5256 & 5256 WA

REACH IN THE NEWS

8 MARCH 2016

Reach Energy ambil alih 60 peratus Palaeontol

KUALA LUMPUR 7 Mac - Reach Energy Bhd. akan mengambil alih 60 peratus kepentingan dalam Palaeontol BV bernilai AS\$154.9 juta (RM632.69 juta) melalui perjanjian jualan bersyarat tiga pihak dengan Palaeontol Cooperatief UA dan MIE Holdings Corp.

Dalam satu kenyataan hari ini, Reach Energy berkata, Palaeontol BV adalah syarikat pegangan pelaburan dan pemegang kepentingan tunggal Emir-Oil LLP, yang memiliki keseluruhan kepentingan kerja 850.3 kilometer persegi dalam kawasan kontrak di luar pesisir di Kazakhstan.

Kawasan itu termasuk empat medan pengeluaran minyak dan gas dengan jumlah kawasan kontrak 45.5 kilometer persegi mengikut empat perjanjian yang ditandatangani secara berasingan antara Kementerian Tenaga Kazakhstan dan Emir-Oil untuk pengeluaran hidro karbon.

Reach Energy berkata, baki kawasan yang dikontrak 804.8 kilometer persegi ditandatangani antara pihak terbabit untuk penerokaan, pembangunan dan pengeluaran berterusan hidro karbon.

Ketua Pegawai Eksekutif, Shahul Hamid Mohd. Ismail berkata, medan pengeluaran dan kawasan penerokaan Emir-Oil menawarkan peluang unik kepada Reach Energy untuk melabur dan mengendali portfolio minyak dan gas yang seimbang meliputi pengeluaran-hulu, pembangunan dan aktiviti penerokaan.

"Medan pengeluaran itu dalam peringkat pengeluaran awal dan utama dan medan pembangunan kini di bawah pengeluaran perintis.

"Kami percaya terdapat potensi besar melalui lebih banyak usaha, teknik dan skim terancang," tambahnya. -BERNAMA

7 APRIL 2016

REACH信心喊话 促股东支持收购案

吉隆坡6日讯 | 顺见其他油气特殊用途公司 (SPAC) 收购资产时一波三折, Reach能源 (REACH, 5256) 管理层今天信心喊话, 呼吁股东将目光放长远, 为收购哈萨克油田资产按下赞成票。

Reach能源是在3月7日宣布, 以1.925490亿美元 (约6亿零578万令吉), 向香港挂牌公司——MIE能源控股有限公司 (简称MIE) 买下PALAEONTOL公司的60%股权, 也承担起收购MIE高达2.2亿8850万美元 (约11.528257亿令吉) 的债务。

PALAEONTOL公司旗下的Emir石油, 在哈萨克有4座开采期限17-25年的油田中油井, 拥有721.05桶原油和1024亿立方英尺天然气储量。

对油田获利有信心

该油田还有805平方公里的陆地勘探区, 6个潜在油井, 储油量高达2.2050万桶。

Reach能源今天召开分析师及媒体汇报会, 董事兼首席财务官向出席的基金经理、分析师和媒体喊话, 称公司对这项油田的获利能力十分有信心。

尽管大马之前有少数油气公司, 在哈萨克取得不错的成绩, 但不同的资产不能相提并论, 我们对本次收购的目标充满信心, 哈萨克是全球第12大产油国, 不少国际知名能源公司如壳牌和埃克森美孚都在当地开采石油。

Emir石油的营运成本约为每桶3.50美元, 低于当前油价, 在2018年之前也未投入太多资本开支, 估计只有1500万美元, Reach能源60%的股权大约可得5350万桶原油 (包括天然气) 资源, 收购成本在每桶2.90美元。

在2014年, Emir石油的油田每日可生产520万桶原油和天然气, 则基于油价大跌, 为了符合经济效益, 2015年产量跌至341万桶, 无论如何, 沙胡哈密强调, 在去年的低油价环境中, PALAEONTOL公司仍能获得营运盈利。

"这是我们40多年目标中买出的最佳资产, 若拖得太久, 一旦油价反弹, 我们可能须支付更高的收购费用。"

这项收购估计会在3个月内取得监管单位的批准, 然后在9月份召开股东大会 (EGM), 寻求至少75%的股东 (不包括管理层和机构投资者) 同意。

目前Reach能源有控股权的最大股东为76位机构投资者和基金经理, 分别持股5.25及4.3%。

根据SPAC的上市条例, Reach能源必须在上市到3年内, 即明年1月18日之前完成收购资产收购, 否则将被迫清盘下市, 涂上CLIO能源 (CLIO, 5234) 的标签, 目前Reach能源并没有其他的收购目标, 因此能否通过本次收购成为关键。

根据沙胡哈密的说法, 若Reach能源能按计划完成收购, 预计每股派发77-78仙的资金 (50%的IPO资金加上利息) 给股东, 根



沙胡哈密是Reach能源董事兼首席财务官。

比最新股价, 溢价12.4%。

"若遭拒绝, 则从理性看待这项收购, 以投资者的角度来看, Reach能源不会陷入清盘的窘境。"

管理层最早为市场打开心结, Reach能源股价周三一度涨0.5仙或0.74%, 至63.5令吉, 而两天前股价作为盘跌的Reach能源-NA则14仙平盘收市。

快速看板

股价大跌 微想科技接UMA

吉隆坡6日讯 | 微想科技 (MICRO, 8, 0126, 创业板) 在早盘股价大幅下挫后, 因而获得大马交易所的不寻常交易活动 (UMA) 介入。

该股自3月29日的1.55令吉, 滑落到4月6日的1.06令吉, 短五个交易日内下跌40%, 或31.62%, 昨天单日成交量达194万股, 因此, 该股不寻常交易活动介入。

微想科技周二下午5仙或4.72%, 收报1.01令吉, 成交量84万9600股, 该公司在股市盘整期间表示, 对股价表现异常波动的原委不知情。

贺达房产基金 7.44%股权场外易手

吉隆坡6日讯 | 贺达房产

24 MAY 2016

Reach Energy to raise up to RM180m via private placement

PETALING JAYA: Reach Energy Bhd proposes to undertake a private placement exercise to raise up to RM180 million to address the potential cash shortfall to purchase shares from dissenting shareholders in relation to its qualifying acquisition.

Last March, Reach Energy signed a conditional sale and purchase agreement with MIE Holdings Corp to acquire a 60% equity interest in Palaeontol BV, the sole interest holder of Kazakhstan's Emir-Oil LLP, for US\$154.9 million (RM632.8 million).

In a filing with Bursa Malaysia, the special purpose acquisition company said the final size of the proposed placement will depend on the amount represented by the Reach Energy shares held by the dissenting shareholders required to be

repurchased by the company.

However, in the event there are no dissenting shareholders, Reach Energy will have sufficient funds in the trust account to settle the entire adjusted purchase consideration for the proposed acquisition at completion which shall not be greater than US\$175.89 million (RM715.14 million).

As at April 30, 2016, Reach Energy had about RM748.4 million held under its trust account (net of taxes payable).

Under the terms of the sale and purchase agreement, the company has the flexibility to settle the deferred consideration within 12 months from the completion of the proposed acquisition without any interest charges.

Due to such deferred payment

arrangement, Reach Energy intends to use the remaining trust monies to fund its capital expenditure requirement in 2016 of about US\$17.2 million, being the amount attributable to Reach Energy's 60% equity interest in Palaeontol BV.

"Accordingly, the company intends to raise only up to RM68.0 million to address the short term cash flow requirement of Reach Energy and pay the deferred consideration under the no dissenting shareholder scenario," it noted.

CREATIVE
BONDING
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REACH IN THE NEWS (cont'd)

17 JUNE 2016

Target of Reach Energy's QA finds gas, oil deposits in Kazakhstan

BY SANGALITHA AMANTHALDARAN

KUALA LUMPUR 17 Emir-Oil LLP, the target of a proposed qualifying acquisition (QA) by Reach Energy Bhd, has found oil and gas bearing reservoirs in its first exploration well in the Aidai Block in the south-western part of Kazakhstan.

Emir-Oil is MIE Holdings Corp's unit. MIE made the announcement about the positive results of the initial testing phase of the exploration well on the Hong Kong Stock Exchange (HKEX) on Wednesday.

"The drilling of the well was completed in June 2015. It reached a total depth of 4,000m, and confirmed the presence of oil and gas bearing reservoirs in Triassic formation," said MIE in the HKEX filing.

"A production test conducted at [the] interval [of] 3,700m to 3,750m flowed oil and gas at 47 barrels per day and 7.38 thousand standard cubic feet per day (about 22.5 cubic metres per day). Logs have indicated oil and gas shows in other Triassic sandstone intervals, and we will continue to test those intervals sequentially," it said.

Emir-Oil is currently studying the use of large scale fracturing and horizontal well technology to raise well productivity. In preparation for the development of the field, MIE's initial estimates indicate that the block could have gas resources of about 280 billion cubic feet, and oil resources of about 19.7 million barrels, giving the Aidai Block total hydrocarbon resources of 67 million barrels of oil equivalent.

Reach announced on March 5 that it intended to acquire a 60% stake in Paleontol JV, which owns Emir-Oil, for US\$ 154.8 million (about RM430.2 million) from MIE.

In a separate statement, Reach managing director Shaahul Hamid Mohd Ismail said: "This discovery clearly highlights our firm belief in the significant potential of the Emir-Oil Contract Block and our proposed QA investment."

Reach has RM768 million in its trust account, which translates into a trust value per share of 76 sen to 77 sen. It closed unchanged at 96.5 sen yesterday, valuing it at RM875.3 million.

17 JUNE 2016

Reach Energy upbeat on Aidai block

by R KAMALAVACINI

REACH Energy Bhd said that it has been notified by MIE Holdings Corp, via an announcement on the Stock Exchange of Hong Kong Ltd, that Emir-Oil LLP has yielded positive results during the initial testing phase of the first exploration well located in the Aidai block.

The Aidai block, which is the deepest well to date, is one of the drillable prospects, forming part of the 850.3 sq km Emir-Oil Contract Block in the Mangistau Oblast in the south-western region of Kazakhstan.

The block is part of Reach Energy's proposed qualifying acquisition which was announced in March this year.

In an exchange filing yesterday, Reach Energy MD Shaahul Hamid Mohd Ismail said the positive results from the initial testing phase of the exploration

well in Aidai block is good news for the company's qualifying acquisition (QA). The company is a special purpose acquisition company (SPAC) that focuses on development and production assets in the oil and gas (O&G) industry.

"It does not only prove that the Aidai block is rich in O&G resources but has also indicated that O&G exists in other Triassic sandstone intervals in the Emir-Oil Contract Block."

"In preparation for the field development, Emir-Oil is currently studying the use of large-scale fracturing and horizontal well technology to increase well productivity," he said.

Shahul Hamid said the discovery clearly highlights the company's firm belief in the significant potential of the Emir-Oil Contract Block and the company's proposed QA investment.

Reach Energy, the fourth



The positive results from the initial testing phase of the exploration well in Aidai block is good news for the company's QA, says Shaahul Hamid

to pay for a QA.

"The exploration reached a total depth of 5,080m and the presence of O&G bearing reservoirs in Triassic formation has been confirmed," he said.

"Based on this recent discovery and MIE's preliminary estimates, the Aidai block would have gas resources in place approximating 285 billion cu ft, and oil resources in place approximating 19.7 million barrels, bringing the total hydrocarbon resources in place for the Aidai block to 67 million barrels of oil equivalent, with further upside potential," he added.

The drilling of the well in Aidai block was completed in June 2015. This is the group's deepest well to date with drilling cost of approximately US\$10 million (RM41 million).

The company plans to further appraise the block in the near future.

25 OCTOBER 2016

Emir-Oil buka peluang pada syarikat Malaysia

KUALA LUMPUR 24 Okt. - Reach Energy Bhd, yakin lapangan minyak dan gas luar pantai, Emir-Oil LLP di Kazakhstan bakal membuka pintu kepada lebih banyak peluang pelaburan kepada syarikat Malaysia.

Pengarah Urusan dan Ketua Pegawai Eksekutifnya, Ir. Shaahul Hamid Mohd. Ismail berkata, ia bukan sahaja memiliki potensi pelaburan buat sektor minyak dan gas (O&G) malah membuka peluang kepada segmen infrastruktur dan hospitaliti.

"Pelaburan di Emir-Oil sesuai buat pelabur jangka panjang yang terlibat dalam aktiviti eksplorasi dan pengeluaran (E&P) terutamanya," katanya kepada *Utusan Malaysia* di sini baru-baru ini.

Reach Energy pada Ogos lalu, menerima kelulusan daripada Suruhanjaya Sekuriti (SC) bagi cadangan pembelian kelayakan (QA) 60 peratus pegangan dalam Paleontol BV yang memiliki Emir-Oil daripada MIE Holdings Corp, yang berpangkalan di Hong



SHAHUL HAMID

Kong. Emir-Oil memiliki kontrak pengeluaran bagi empat blok menghasilkan minyak (Aksaz, Dolinnoe, Kariman dan Emir), serta kontrak eksplorasi minyak dan gas di Kazakhstan seluas lebih 850.3 kilometer persegi.

Ujar beliau, syarikat khas pengambilan alih (SPAC) itu akan menyelesaikan pembelian tersebut dengan mendapatkan persetujuan daripada pemegang saham pada mesyuarat agung luar biasa yang akan diadakan pada November ini.

Katanya, pembelian itu adalah pelaburan menarik kerana ia mengandungi portfolio seimbang pengeluaran, pembangunan dan lapangan eksplorasi.

"Lapangan minyak ini akan membawa hasil berulang segera kepada syarikat dan memberi sumbangan positif kepada aliran tunai, terutamanya dengan jangkaan kenaikan harga minyak dalam tempoh sederhana dan jangka panjang," katanya.

16 NOVEMBER 2017

Reach gets the green light

81.07% of shareholders agree to O&G qualifying asset

By NITAN CHANDRA DAHSI and TOM ARNOLD

KUALA LUMPUR Reach Energy Bhd, which has received overwhelming support from shareholders to complete the deal to buy the Aidai block.

Reach has announced that it has received 81.07% of shareholder approval to acquire the Aidai block in Kazakhstan. The block is part of the Emir-Oil Contract Block, which is a special purpose acquisition company (SPAC) that focuses on development and production assets in the oil and gas (O&G) industry.

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SHAHUL HAMID

Reach will be pleased to enter the next six months and complete the deal," he said.

He added that the company spent about two years looking for an oil asset before settling on the Aidai block.

"The deal goes to great lengths to determine the value of the Aidai block," he stressed.

"Reach is pleased to receive the approval from 81.07% of shareholders to acquire the Aidai block in Kazakhstan. The block is part of the Emir-Oil Contract Block, which is a special purpose acquisition company (SPAC) that focuses on development and production assets in the oil and gas (O&G) industry."

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PROFILES OF BOARD OF DIRECTORS



TAN SRI DR. AZMIL KHALILI BIN DATO' KHALID

Executive Chairman

Gender	Male
Nationality	Malaysian
Age	56
Date of Appointment	23 January 2017
Tenure of Directorship	Three (3) months

MEMBERSHIP OF BOARD COMMITTEE: Nil

WORKING EXPERIENCES:

Tan Sri Dr. Azmil Bin Dato' Khalid ("Tan Sri Dr. Azmil") began his career with a United Kingdom company, Tarmac National Construction and upon his return to Malaysia worked for Trust International Insurance and Citibank NA.

Tan Sri Dr. Azmil is the President and Chief Executive Officer of AlloyMtd Group where he held the position of General Manager of Corporate Planning on joining MTD Capital Bhd in 1993 and assumed the helm as Group Managing Director in 1996. On 1 June 2009, he was redesignated as President and Chief Executive Officer. He concurrently holds the same position in the listed subsidiary of MTD Capital Bhd, namely, MTD ACPI Engineering Berhad and is also the Chairman of MTD Walkers PLC, a foreign subsidiary of MTD Capital Bhd listed on the Colombo Stock Exchange in the Republic of Sri Lanka.

Apart from AlloyMtd Group, Tan Sri Dr. Azmil is also the President and Chief Executive Officer of ANIH Berhad, a toll concession company, a Trustee of the Perdana Leadership Foundation, and Chairman of the Malaysia-Philippines Business Council (2014). Tan Sri Dr. Azmil also sits on the board of several private limited companies.

QUALIFICATIONS:

- Doctorate of Science (Honorary), University of Hertfordshire, Hatfield, England
- Masters of Business Administration, California State University, Dominguez Hills
- Bachelors of Science in Civil Engineering, Northrop University, Los Angeles, California
- Bachelors of Science in Civil Engineering, University of Hertfordshire, Hatfield, England

OTHER INFORMATION:

Except as nominee Director of MTD Capital Bhd, Tan Sri Dr. Azmil has no conflict of interest with the Company and does not have any family relationships with any Director. Tan Sri Dr. Azmil is deemed a major shareholder of the Company and his interest is disclosed in the securities of the Company as set out in the Analysis of Shareholdings of this Annual Report. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any. He has attended all three (3) Board meetings held since the date of his appointment.

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- MTD Capital Bhd
- MTD ACPI Engineering Berhad
- MTD InfraPerdana Bhd
- ANIH Berhad
- Metacorp Berhad

PROFILES OF BOARD OF DIRECTORS (cont'd)



Ir. SHAHUL HAMID BIN MOHD ISMAIL

Executive Director/CEO

Gender	Male
Nationality	Malaysian
Age	67
Date of Appointment	7 February 2013
Tenure of Directorship	Four (4) years and two (2) months

MEMBERSHIP OF BOARD COMMITTEE:

Remuneration Committee
Risk Management Committee

QUALIFICATIONS:

- Bachelor of Engineering (Honours), Mechanical Engineering, University of Adelaide, Australia
- Master of Engineering Science in Mechanical Engineering, University of Adelaide, Australia

OTHER INFORMATION:

Ir. Shahul has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any. Ir. Shahul has attended all seven (7) Board Meetings held during the financial year ended 31 December 2016.

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

Nil

Ir. Shahul was a Colombo Plan scholar and holds Bachelor (Honours) and Masters degrees in Mechanical Engineering from the University of Adelaide in Australia. He has produced many technical reports, papers and reviews. These have been presented in various conferences, workshops, journals and meetings.

Ir. Shahul is a member of the Engineering Board of Studies and Industry Advisory Panel at the International Islamic University, Kuala Lumpur and is a Registered Professional Engineer in Malaysia and Australia. He is also a Member of the Institution of Engineers, Malaysia and the Institution of Engineers, Australia.

Ir. Shahul is concurrently the General Director of Emir-Oil LLP, of which Reach Energy holds indirect 60% interest.

WORKING EXPERIENCES:

Ir. Shahul Hamid bin Mohd Ismail ("Ir. Shahul") was the first director since the inception of the Company on 7 February 2013. He has been in the Petroleum Industry for the past 37 years, mainly with Exxon and Shell, and has held a rotation of assignments in Malaysia and overseas covering a wide variety of managerial, technical and commercial aspects of the business.

Prior to Reach Energy, Ir. Shahul led the Daya Materials group of companies to develop a portfolio of core oilfield technical services.

During his tenure as the Group CEO from 2007 to 2009, Ir. Shahul established the Oil & Gas ventures for a Malaysian Group, securing major gas field development opportunities in the Middle East, coupled with LNG business, as well as refinery/petrochemical investments in Malaysia, Indonesia and the Middle East with the value of the opportunities in excess of USD10 billion. He dealt with top level governmental and oil industry personnel in these countries in leading these efforts. Ir. Shahul worked closely with various international consultants on Feasibility Studies, Conceptual Design, Risk Management, FEED/BED and Detail Design.

Ir. Shahul was a Board Member/Technical Advisor to Ramunia Holdings Berhad from 2005 to 2006. From August 2001 to October 2004, Ir. Shahul was the Managing Director of Shell Refining Company (FOM) Berhad which is a public-listed company in the Main Market of Bursa Malaysia Securities Berhad. He was the first Malaysian to be appointed to this position. Prior to this appointment, he worked in General Manager, Technical Manager, Engineering Manager, Operations Manager and Project Manager roles in Shell and Exxon with core activities cutting across the entire hydrocarbon life cycle covering exploration, appraisal, development, production and decommissioning in very challenging business environments. He also sat in the Boards of Sarawak Shell Berhad and Sabah Shell Petroleum Co. Ltd.

PROFILES OF BOARD OF DIRECTORS (cont'd)



TAN SIEW CHAING

Executive Director

Gender	Female
Nationality	Malaysian
Age	49
Date of Appointment	23 January 2017
Tenure of Directorship	Three (3) months

MEMBERSHIP OF BOARD COMMITTEE: Nil

QUALIFICATIONS:

- A member of the Malaysian Institute of Accountants (MIA)
- A member of the Chartered Institute of Management Accountants (CIMA), United Kingdom

OTHER INFORMATION:

Ms. Tan has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder. She has not been convicted of any offence within the past five (5) years other than traffic offences, if any. She has attended all three (3) Board meetings held since her date of appointment.

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

Nil

WORKING EXPERIENCES:

Ms. Tan Siew Chaing ("Ms. Tan") is the Executive Vice President, Head of Finance and Treasury of AlloyMtd Group. She started her career in AlloyMtd Group in 2007 as a Financial Controller before moved up the rank as a Senior Vice President, Head of Finance and Treasury. She is a member of the Management Committee of MTD Capital Bhd and MTD ACPI Engineering Berhad. She also sits on the board of several other local and overseas private limited companies within AlloyMtd Group.

She has more than 24 years of working experience in various industries in the listed and non-listed group of companies. Her exposure covers accounting, corporate finance, treasury, taxation and procurement. Her last position prior to joining AlloyMtd Group was a Senior Manager in Finance and Treasury Department of Syarikat Bekalan Air Selangor Sdn Bhd.

PROFILES OF BOARD OF DIRECTORS (cont'd)



IZLAN BIN IZHAB

Senior Independent Non-Executive Director

Gender	Male
Nationality	Malaysian
Age	71
Date of Appointment	1 July 2013
Tenure of Directorship	Three (3) years and ten (10) months

WORKING EXPERIENCES:

Encik Izlan Bin Izhah ("Encik Izlan") started his career as an Assistant Legal Officer with Majlis Amanah Rakyat (MARA). From 1975 to 1978, he was a Company Secretary with Komplek Kewangan Malaysia Berhad. From 1978 to 1984, he was the Company Secretary of Permodalan Nasional Berhad. He spent the next 15 years from 1985 to 2000 with the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Berhad) as the Executive Vice President, Corporate and Legal Affairs until his retirement. He was responsible for company secretarial functions, legal advisory on capital market laws and regulations and conducted lectures on capital market laws and regulations.

From 2004 until May 2013, he was a member of Bursa Malaysia Berhad Appeals Committee. He was an independent director of Ramunia Holdings Berhad (now known as TH Heavy Engineering Berhad) from 2004 to 2008. During that period, he was the Chairman of the Remuneration Committee and Nomination Committee of the said company. He was on 7 February 2017 appointed as the Chairman/Independent Non-Executive Director of Kenanga Investment Bank Berhad which is listed on Bursa Malaysia Securities Berhad. He is also a Non-Executive Director on Non-Listed Public Companies, Sun Life Malaysia Takaful Berhad and UOB Asset Management (Malaysia) Berhad.

MEMBERSHIP OF BOARD COMMITTEE:

Nomination Committee (Chairman)
Remuneration Committee (Chairman)
Audit Committee

QUALIFICATIONS:

- Bachelor of Laws, University of London, UK
- Advanced Management Program, University of Hawaii, USA

OTHER INFORMATION:

Encik Izlan has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder. He has not been convicted of any offence within the past five (5) years, other than traffic offences, if any. Encik Izlan has attended six (6) out of seven (7) Board Meetings held during the financial year ended 31 December 2016.

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Kenanga Investment Bank Berhad and Group
- Sun Life Malaysia Takaful Berhad
- UOB Asset Management (Malaysia) Berhad

PROFILES OF BOARD OF DIRECTORS (cont'd)



NIK DIN BIN NIK SULAIMAN

Independent Non-Executive Director

Gender	Male
Nationality	Malaysian
Age	69
Date of Appointment	1 July 2013
Tenure of Directorship	Three (3) years and ten (10) months

WORKING EXPERIENCES:

Encik Nik Din Bin Nik Sulaiman ("Encik Nik Din") has more than 36 years experience in the fields of accounting, auditing and finance. He started his career as an Accountant with Beecham Products (F.E.) Sdn. Bhd. in 1974 before leaving to join Pfizer Pte. Ltd. as Finance Manager. He was subsequently appointed as Group Financial Controller in Kumpulan Perangasang Selangor Berhad, an investment arm of Selangor State Government from 1978 to 1981. He also worked for Promet Berhad from 1982 to 1992 initially as its Financial Controller and later as Finance Director.

He served in Sime Darby Group from 1992 to 2004 initially as Finance Director in the Malaysia Region, followed by Finance Director of Tractors Malaysia Holdings Berhad, a subsidiary of Sime Darby Berhad. He was also a director of Sime Bank Berhad. Subsequently, he was the Group Chief Internal Audit Manager and his last position was as Finance Director in Sime Engineering Berhad. He currently holds directorships in MTD ACPI Engineering Berhad which is listed on Bursa Securities and MTD Capital Berhad.

MEMBERSHIP OF BOARD COMMITTEE:

Audit Committee (Chairman)
Risk Management Committee
Remuneration Committee
Nomination Committee

QUALIFICATIONS:

- A member of the Malaysian Institute of Accountants (MIA)
- Fellow member of the Association of Chartered Certified Accountants (FCCA), United Kingdom

OTHER INFORMATION:

Encik Nik Din has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder. He has not been convicted of any offence within the past five (5) years. Encik Nik Din has attended six (6) out of seven (7) Board Meetings held during the financial year ended 31 December 2016.

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- MTD ACPI Engineering Berhad
- MTD Capital Berhad

PROFILES OF BOARD OF DIRECTORS (cont'd)



AONGHUS JOSEPH O'CARROLL

Independent Non-Executive Director

Gender	Male
Nationality	Irish
Age	55
Date of Appointment	1 July 2013
Tenure of Directorship	Three (3) years and ten (10) months

WORKING EXPERIENCES:

Mr. Aonghus Joseph O'Carroll ("Mr. O'Carroll") has 33 years of international geoscience experience with oil companies and major service companies in Europe, Middle East and Asia Pacific. He has extensive experience in integrated service delivery across the exploration and production spectrum. He was the Global Account Manager with Roxar Ltd. for BP, Shell and Total S.A. accounts focusing on cycle time reduction and technology delivery in modern software infrastructures.

He was the Managing Director of Knowledge Reservoir (UK) Ltd. ("Knowledge Reservoir"), from June 2006 to July 2013, an upstream exploration and production consulting firm which provides support in reservoir management and surface systems for oil and gas industry globally. He was responsible for Knowledge Reservoir Group's activities in Europe, Africa, Middle East and Asia Pacific. He has been involved in evaluating E&P assets, Reserves assessment/auditing, flow assurance reviews, and reservoir management studies for E&P clients.

Currently, he holds the post of Project Director with a major international consultancy in London responsible for a diverse range of projects including reserve and resource verification, integrated asset modelling, fractured carbonate FDP reviews and training of national staff.

MEMBERSHIP OF BOARD COMMITTEE:

Risk Management Committee (Chairman)
Audit Committee
Nomination Committee

QUALIFICATIONS:

- Master of Science, Imperial College of Science and Technology, London, UK (Scholarship from National Science Foundation)
- Diploma in Petroleum Geology, Imperial College of Science and Technology, London, UK
- B.A. (Mod) Hons, Natural Science, Geology, Trinity College Dublin

OTHER INFORMATION:

Mr. O'Carroll has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any. Mr. O'Carroll has attended all seven (7) Board Meetings held during the financial year ended 31 December 2016.

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

Nil

PROFILE OF KEY SENIOR MANAGEMENT

Ir. SHAHUL HAMID BIN MOHD ISMAIL

Chief Executive Officer



Nationality/Age/Gender:
Malaysian/67/Male



Date of appointment:
7 February 2013

Academic/Professional Qualification(s):

- Bachelor of Engineering (Honours) in Mechanical Engineering, University of Adelaide, Australia
- Master of Engineering Science in Mechanical Engineering, University of Adelaide, Australia

Working Experience:

- Ir. Shahul has been in the Petroleum Industry for the past 37 years, mainly with Exxon and Shell, and has held a rotation of assignments in Malaysia and overseas covering a wide variety of managerial, technical and commercial aspects of the business.
- He established the Oil & Gas ventures for a Malaysian Group, securing major gas field development opportunities in the Middle East, coupled with LNG business, as well as refinery/petrochemical investments in Malaysia, Indonesia and the Middle East with the value of the opportunities in excess of USD10 billion.
- He was a Board Member/Technical Advisor to Ramunia Holdings Berhad from 2005 to 2006.
- From August 2001 to October 2004, Ir. Shahul was the Managing Director of Shell Refining Company (FOM) Berhad which is a public-listed company in the Main Market of Bursa Malaysia Securities Berhad. He was the first Malaysian to be appointed to this position.
- He is concurrently the General Director of Emir Oil LLP, of which Reach Energy holds indirect 60% interest.

Present Directorship(s):-

Listed entity: Nil

Other public companies: Nil

Declaration:

He does not hold any directorship in public listed companies and listed issuers, has no family relationship with any directors and/or major shareholders of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.

Please refer to page 7 for his full profile.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

AZMI BIN ARSHAD

Chief Financial Officer



Nationality/Age/Gender:
Malaysian/54/Male



Date of appointment:
1 July 2013

Academic/Professional Qualification(s):

- B.Sc (Hons) Accountancy, University of East Anglia, Norwich, UK (1986)
- Professional Examinations of the Institute of Chartered Accountants in England and Wales (1991)

Working Experience:

- Over 20 years of experience in financial management and corporate finance, including 10 years in the Oil & Gas Industry.
- Formerly Chief Financial Officer in SapuraCrest Petroleum Berhad and Chief Operating Officer of Sapura Resources Berhad.
- Knowledge and experience in financial evaluations, funding, syndicated financing, project financing and joint venture arrangements.

Present Directorship(s):-

Listed entity: Nil

Other public companies: Nil

Declaration:

He does not hold any directorship in public listed companies and listed issuers, has no family relationship with any directors and/or major shareholders of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.

ABD RAHIM BIN SHAMSUDIN

Vice President,
Petroleum Engineering



Nationality/Age/Gender:
Malaysian/60/Male



Date of appointment:
1 July 2013

Academic/Professional Qualification(s):

- Diploma in Petroleum Engineering, University of Technology Malaysia (1978)
- BSc of Petroleum Engineering, Louisiana State University, Baton Rouge, USA (1985)

Working Experience:

- 33 years of working experience in the Petroliaam Nasional Berhad ("PETRONAS") group of companies (E&P sector).
- Extensive knowledge and direct relevant experience in petroleum engineering, gas supply planning, joint venture management and asset management.
- His biggest achievement was leading an integrated subsurface team and the successful development and implementation of the Baronia Field Development Plan. This campaign resulted in the upside realization of reserve addition and oil production capacity, successful drilling and completion of the longest horizontal well, the introduction of a number of cost effective new technological applications in well completion, and successful implementation of a water and gas injection system.
- He moved to Turkmenistan in 2009 to set up the Petroleum Engineering Department for PETRONAS Carigali (Turkmenistan) Sdn Bhd, spearheading oil and gas asset development and production. During this period, he initiated the conceptual development study for early monetisation of new oil and gas Reserves. He also successfully completed phase 1 of the gas field development, which provided upstream production capacity of 600 MMcfd of gas and 50 kbd of condensate.

Present Directorship(s):-

Listed entity: Nil

Other public companies: Nil

Declaration:

He does not hold any directorship in public listed companies and listed issuers, has no family relationship with any directors and/or major shareholders of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

DR. ROBERT KING PARK

Vice President,
Geosciences



Nationality/Age/Gender:
British/73/Male



Date of appointment:
26 June 2013

Academic/Professional Qualification(s):

- BSc (Hons) Geology, The University of Glasgow, Scotland (1967)
- PhD Geology, Sedimentology Research Laboratory, University of Reading, England (1972)
- Research Associate, Princeton University, USA (1970)
- Active member and occasional reviewer and committee worker for: AAPG, Geol. Soc. Lon., IAS, SEPM, Indonesia Petrol. Assoc.

Working Experience:

- Over 40 years of experience in the Oil & Gas industry.
- Former Chief Geologist/Senior Specialist Advisor of Kodeco, Indonesia.
- Former Specialist Advisor to Phillips Petroleum global operations before moving to Schlumberger in Jakarta, Indonesia as Unit Geologist.
- In recent years, he has been working as a geological consultant to evaluate potential sites across the Asia Pacific region.
- Authored more than 25 peer reviewed papers and has been an occasional reviewer for publications by associations / societies of geologists.

Present Directorship(s):-

Listed entity: Nil

Other public companies: Nil

Declaration:

He does not hold any directorship in public listed companies and listed issuers, has no family relationship with any directors and/or major shareholders of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.

WONG ZUN HAUR

Senior General Manager,
Investment
and Corporate Strategy



Nationality/Age/Gender:
Malaysian/49/Male



Date of appointment:
1 October 2014

Academic/Professional Qualification(s):

- Bachelor of Arts, University of Malaya, Malaysia. Graduated in 1992 with 2nd Class Upper Honours Degree majoring in Economics.
- MBA (Financial Studies) at Nottingham University Business School, University of Nottingham (2005).

Working Experience:

- Extensive working experience in the oil & gas industry with international experience and strong knowledge in the workings and dynamics of the energy industry.
- Held various managerial roles in Esso, Petrofield, and MMC Corporation Berhad. Former COO of MMC Petroleum & Resources.
- Intimately involved in business, economic and financial evaluation and analysis driving the strategic decisions in projects and corporate activities including M&A transactions.

Present Directorship(s):-

Listed entity: Nil

Other public companies: Nil

Declaration:

He does not hold any directorship in public listed companies and listed issuers, has no family relationship with any directors and/or major shareholders of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

LIM MAY YEN

Finance Manager



Nationality/Age/Gender:
Malaysian/40/Female



Date of appointment:
12 October 2015

Academic/Professional Qualification(s):

- B.A (Accountancy) University Of Bolton, United Kingdom (2006)

Working Experience:

- 18 years of experience in financial management and corporate finance, including 8 years in the Oil & Gas Industry.
- Responsible for all accounting functions including Cash Flow planning & analysis, CAPEX & OPEX analysis, Business analysis, Annual Budget & Forecast, Cost Control Reporting, Management & Financial Reporting for the business.
- Experience in project management, risk management and internal control exercise for the business.
- She is the Member of A.I.A (Association of International Accountants) & IFA (Institute of Financial Accountants).

Present Directorship(s):-

Listed entity: Nil

Other public companies: Nil

Declaration:

She does not hold any directorship in public listed companies and listed issuers, has no family relationship with any directors and/or major shareholders of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.

IBNI HAJAR BT OMAR

Human Resource &
Admin Manager



Nationality/Age/Gender:
Malaysian/47/Female



Date of appointment:
16 January 2017

Academic/Professional Qualification(s):

- Master of Business Administration (MBA) at Universiti Utara Malaysia, Sintok (2010)

Working Experience:

- 22 years of experience in Human Resources and Administration including 5 years in the Oil & Gas Industry.
- Responsible for all Human Resources and Administration in the organisation including Recruitment and Selection, Payroll Administration, Performance Management, Compensation and Benefits, Training and Development, Employee Relations, Succession Planning and Staff Induction.
- Experience liaising with Petronas on the Work Program Budget (WPB) submission for the whole organisation on an annual basis and MPM on the Training Commitment and Malaysianisation.
- Experience leading the Finance and IT Department on office annual budget & forecast and yearly auditing.

Present Directorship(s):-

Listed entity: Nil

Other public companies: Nil

Declaration:

She does not hold any directorship in public listed companies and listed issuers, has no family relationship with any directors and/or major shareholders of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.

CHAIRMAN'S STATEMENT



It is with great pleasure that I present on behalf of the Board of Directors (“the Board”) the annual report for the financial year ended 31 December 2016.



CHAIRMAN'S STATEMENT (cont'd)

OUR VISION

The last 12 months have been a compelling year for us at Reach Energy Berhad. We began 2016 with the announcement of our Qualifying Acquisition ("QA") in Kazakhstan and ended on a high note when the QA was given the nod by our shareholders in November 2016. Since then, Reach Energy Berhad has been gearing up for what we anticipate to be a hive of activities in 2017.

As we embark on a new journey as a full-fledged Exploration and Production ("E&P") company, we continue to be guided by our vision to establish a leading Independent Malaysian Oil and Gas ("O&G") company that creates value for shareholders and contributes to the welfare of the people in the countries we operate in. With this in mind, we have adopted a culture of par excellence in performance and operating ethics as well as governance standards to encourage a positive impact on our people and the society at large.

As a young company, support from our shareholders is essential for us to grow our business. We hope that Reach Energy Berhad will continue to gain a wider acceptance in the industry in the global arena.

OUR PEOPLE

In today's competitive environment, possessing a competitive edge is crucial to the growth of a Company. Apart from a sustainable business model, human talent is equally important. To date, our talent management strategy involves recruiting on needs basis, supporting and investing in training, coaching, mentoring, challenging and laying out a robust succession plan to realise the full potential of our staff.

We have also broadened the responsibilities of our Board of Directors, Management Team and Operational Team as we welcome new talents that provide long-term competitive edge for the Company. We believe that diverse experience and in-depth industry knowledge and skills will bode well as we work towards enhancing the efficiency and effectiveness of our operations. We aim to continue to empower our staff and conduct self-development programmes for better career development. Staff performance will be measured through Key Performance Indicators ("KPIs") and Annual Staff Appraisals to ensure set tasks and targets are delivered.



CHAIRMAN'S STATEMENT (cont'd)

FINANCIAL PERFORMANCE

For the Financial Year Ended 31 December 2016, Reach Energy Berhad recorded a revenue of RM14.99 million from our Oil and Gas activities. The Group also generated a Profit After Tax ("PAT") of RM120.24 million. We also recorded a Net Asset Per Share of RM0.82 with an Earnings Per Share of RM0.10. Aside from this, Reach Energy Berhad has also recorded a negative goodwill of RM156.9 million as a result of our acquisition of Emir-Oil LLP ("Emir-Oil") at a lower price.

Moving forward, we are anticipating a year of exciting development and progress for the Company. With the acquisition of Emir-Oil coming into effect last November, we aim to continue implementing a host of value-adding measures to focus on maximising production and optimising costs. These measures include effective field development plans and application of new technologies so as to enhance near-term production growth and maximise return to our shareholders.



Remarks:

* The Group refers to REB Group of Companies which includes Reach Energy Berhad, Reach Energy Ventures Sdn Bhd, Palaeontol B.V and Emir-Oil LLP.

INDUSTRY OUTLOOK

We entered 2016 in a state of uncertainty as rampant supply of oil combined with weak global demand pushed the price of crude oil down by 64% since mid-2014. However, the weak oil market proved beneficial for our acquisition plan as it enabled us to acquire our QA at a low pricing. Going into 2017, we anticipate oil price dynamics to continue to remain uncertain and volatile. The bright spot is that most of the projections, including from the World Bank, indicate that oil price is on the path to recovery but it is still away from the 'sweet' spot.

Nonetheless, we firmly believe that opportunities exist even in these tough situations. We are without a doubt at an exciting juncture in our journey. 2017 will be a turning point for Reach Energy Berhad as we expect to escalate to the next level by tapping into the reserves of a young oilfield.

CHAIRMAN'S STATEMENT (cont'd)



We will continue to seek and explore for growth opportunities and to challenge ourselves with progressively higher targets to become an esteemed independent E&P player providing long-term value and reward to our shareholders who have put their trust in us.

ACKNOWLEDGEMENT

On behalf of the Board and the Management Team, I would like to express my utmost gratitude to all our stakeholders for their support in our vision and mission which led to our 'graduation' from a SPAC to a full-fledged Public Listed Company last year. Your continued support is instrumental as we embark on this new and exciting journey as a pure-play E&P enterprise.

My appreciation is also extended to our advisers, who have been with us from the beginning, for their wise counsel. Last but not least, I would like to commend my fellow Members of the Board, the Management Team and the Reach Energy Berhad staff for their tireless efforts and dedication as we worked together to achieve the many milestones leading to the QA success.

I am confident that notwithstanding the current challenges in the industry, we will continue to raise the bar and strive for excellence for our shareholders.

Thank you.

Tan Sri Dr. Azmil Khalili Bin Dato' Khalid
Chairman