Company No.	
1034400	D

REACH ENERGY BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016

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Company No.	
1034400	D

REACH ENERGY BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016

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Company No.

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REACH ENERGY BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016

	Note	Financial period from 1.1.2016 to 29.2.2016	Financial period from 1.1.2015 to 28.2.2015 Unaudited
		RM	RM
Operating expenses	5	(1,528,424)	(1,327,976)
Finance costs	7	(6,747,602)	(5,408,152)
Finance income	7	5,695,666	4,385,707
Loss before tax		(2,580,360)	(2,350,421)
Tax expense	8	(1,423,077)	(1,096,427)
Net loss for the financial period, representing total comprehensive expense for the financial period		(4,003,437)	(3,446,848)
Loss attributable to:			
Owners of the Company		(4,003,437)	(3,446,848)
Basic/diluted loss per ordinary share (sen)	9	(1.44)	(1.24)

The notes set out on pages 6 to 30 form an integral part of these financial statements.

Company No.

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REACH ENERGY BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016

	Note	29.2.2016 RM	31.12.2015 RM
NON-CURRENT ASSETS			
Plant and equipment	10	263,922	304,653
CURRENT ASSETS			
Receivables, deposits and prepayments	11	4,735,270	14,811,532
Deposits, cash and bank balances	12	778,082,278	763,736,243
		782,817,548	778,547,775
CURRENT LIABILITIES			
Other payables and accruals	13	2,021,865	1,996,259
Current tax liability		11,689,825	10,266,748
		13,711,690	12,263,007
NET CURRENT ASSETS		769,105,858	766,284,768
NON CURRENT LIABILITIES			
Financial liability component of the Public Issue Shares	14	744,798,945	738,051,343
NET ASSETS		24,570,835	28,538,078
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	15	22,035,158	22,035,158
Reserves	16	2,535,677	6,502,920
TOTAL EQUITY		24,570,835	28,538,078

The notes set out on pages 6 to 30 form an integral part of these financial statements.

Company No.

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REACH ENERGY BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016

	Share Capital RM	Warrants reserve RM	Share-based payment reserve RM	Accumulated losses RM	Total RM
At 1 January 2016	22,035,158	45,277,924	458,810	(39,233,814)	28,538,078
Total comprehensive expense for the financial period	-	-	-	(4,003,437)	(4,003,437)
Transaction with shareholders:					
Share-based payment transactions	-	-	36,194	-	36,194
At 29 February 2016	22,035,158	45,277,924	495,004	(43,237,251)	24,570,835

The notes set out on pages 6 to 30 form an integral part of these financial statements.

Company No.

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REACH ENERGY BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016 (CONTINUED)

	Capital RM	Warrants reserve RM	Share-based payment reserve RM	Accumulated losses RM	Total RM
Unaudited					
As at 1 January 2015	22,035,158	45,277,924	241,645	(9,987,546)	57,567,181
Total comprehensive expense for the financial period	-	-	-	(3,446,848)	(3,446,848)
Transaction with shareholders:					
Share-based payment transactions	-	-	36,194	-	36,194
At 28 February 2015	22,035,158	45,277,924	277,839	(13,434,394)	54,156,527

The notes set out on pages 6 to 30 form an integral part of these financial statements.

Company No.

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REACH ENERGY BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016

	Note	Financial period from 1.1.2016 to 29.2.2016	Financial period from 1.1.2015 to 28.2.2015 Unaudited
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(2,580,360)	(2,350,421)
Adjustments for:			
Depreciation of plant and equipment	5	49,835	60,283
Finance income		(5,692,892)	(4,385,707)
Share-based payment transactions		36,194	36,194
Finance cost		6,747,602	5,408,152
		(1,439,621)	(1,231,499)
Changes in working capital:			
Receivables, deposits and prepayments		3,457	(6,371)
Other payables and accruals		25,606	(108,924)
Net cash used in operating activities		(1,410,558)	(1,346,794)
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of plant and equipment		(9,104)	(1,590)
Finance income received		15,765,697	413,277
Placement of deposits with licensed financial institution restricted for use		(15,486,843)	(281,270)
Net cash generated from/(used in) investing activity		269,750	130,417
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(1,140,808)	(1,216,377)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD		28,427,465	36,475,332
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	12	27,286,657	35,258,955

The notes set out on pages 6 to 30 form an integral part of these financial statements.

1 GENERAL INFORMATION

The Company is incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
D3-5-8, Block D3
Solaris Dutamas
No.1, Jalan Dutamas 1
50480 Kuala Lumpur

Registered office
Level 8, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
Petaling Jaya
Selangor

The Company listed its shares and warrants as a Special Purpose Acquisition Company ("SPAC") on the Main Market of Bursa Malaysia Securities Berhad on 15 August 2014. It intends to acquire qualifying assets related to the exploration and production of oil and gas and development and production activities in the petroleum industry ("Qualifying Acquisition").

The Qualifying Acquisition will have an aggregate fair market value of at least 80% of the aggregate amount in the Islamic Trust Account net of any taxes payable. Within three years from the date of listing of the Company on 15 August 2014 ("Permitted Timeframe"), in the event the Company fails to complete the Qualifying Acquisition, the Company will be delisted from the Main Market of Bursa Securities.

The resolution on the Qualifying Acquisition must be approved by a majority in number of shareholders representing at least 75% of the total value of shares held by all shareholders present and voting either in person or by proxy at an Extraordinary General Meeting ("EGM"). Where the Qualifying Acquisition comprises more than one acquisition, the Company will subject each acquisition to the approval of shareholders in the same manner.

The significant shareholder, Reach Energy Holdings Sdn. Bhd. (the management team) and persons connected to them will abstain from voting at the EGM. Shareholders other than the management team and persons connected to them who vote against a Qualifying Acquisition at the EGM will be entitled to receive, in exchange for their shares, a sum equivalent to a pro rata portion of the amount then held in the Trust Account net of any taxes payable and expenses related to the facilitation of the exchange, provided that such Qualifying Acquisition is completed within the Permitted Timeframe. The shares tendered in exchange for cash must be cancelled.

Prior to the shares and warrants of the Company being listed on the Main Market of Bursa Malaysia Securities Berhad on 15 August 2014, the Company was a subsidiary of Reach Energy Holdings Sdn. Bhd., a company incorporated in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 28 April 2016.

2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with MFRS 134 "Interim Financial Reporting" and IAS 34 "Interim Financial Reporting".

The comparative information for the statement comprehensive income, statement of changes in equity and statement of cash flows are not prepared based on the previously reported year-to-date information to be in line with MFRS 134 "Interim Financial Reporting" and IAS 34 "Interim Financial Reporting" requirement to include the comparative disclosures for the comparable interim periods of the immediately preceding financial year.

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(a) Standards, amendments to published standards and interpretations that are applicable to the Company that are effective

The Company has adopted the following amendments for the first time for the financial year beginning 1 January 2016:

- Annual Improvements to MFRSs 2012 – 2014 Cycle
- Amendments to MFRS 101 "Presentation of financial statements - Disclosure Initiative"
- Amendments to MFRS 116 and MFRS 138, Clarification of Acceptable Methods of Depreciation and Amortisation
- Investment Entities: Applying the Consolidation Exception (Amendments to MFRS10, MFRS12 and MFRS 128)

The impact of the new accounting standards, amendments and improvements to published standards on the financial statements of the Company is not material.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and interpretations that are applicable to the Company but not yet effective

No	Malaysian Financial Reporting Standards	Effective date
1	Amendments to MFRS 107 "Disclosure Initiative"	1 January 2017
2	Amendments to MFRS 112, Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
3	MFRS 9 "Financial Instruments"	1 January 2018
4	MFRS 15 "Revenue from contract with customers"	1 January 2018
5	MFRS 16 "Leases"	1 January 2019

The effects of the above standards, amendments to published standards, and interpretations to existing standards are currently being assessed by the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Plant and equipment

Plant and equipment are initially stated at cost, net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment.

All plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Depreciation of office equipment and fittings is calculated on a straight-line basis to write off the cost to its residual value over their expected useful lives at the following annual rates:

Leasehold improvement	2 years
IT network equipment	2 years
Office furniture and equipment	3 - 5 years

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Plant and equipment (continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. See accounting policy on impairment of non-financial assets.

The residual values, useful lives and depreciation method are reviewed at each reporting date and adjusted prospectively, if appropriate.

All items of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds if any, and the net carrying amount is recognised in the profit or loss.

(b) Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(c) Financial assets

(i) Classification

The Company classifies its financial assets in the following category: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial assets (continued)

(i) Subsequent measurement - Gains and losses

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(iv) Subsequent measurement - Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial assets (continued)

(v) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(e) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method except for derivatives which are measured at fair value.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

A financial liability is de-recognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially difference terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Operating leases

Lease of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period.

(h) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(i) Share capital

(i) Ordinary shares

Ordinary shares, other than those issued to the public which carry special rights as disclosed in Note 14, are classified as equity. The public shares held by the public are accounted for as compound instruments.

(ii) Issue expenses

Incremental costs directly attributable to the issue of new shares or options are deducted against the share premium account.

(iii) Warrants reserve

The warrants reserve arose from the proceeds from issuance of warrants and is non distributable by way of dividends. Warrants reserve is transferred to share premium upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry date of the warrants will be transferred to retained earnings.

(iv) Share-based payment

The fair value of the warrants granted to a shareholder is recognised as operating expenses with a corresponding increase in the share-based payment reserve over the vesting period.

The fair value of the warrants is measured using Bloomberg Trinomial Lattice Model. Measurement inputs include subscription price on grant date, exercise price of the warrants, tenure of the warrants, risk-free interest rate, expected dividend yield and the expected volatility based on the historical volatility of a similar listed entity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Interest income

Interest income is recognised using the effective interest method.

(k) Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Company comprise shares that are issued to the public which carry special rights as disclosed in Note 14.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised.

(m) Employee benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Company's contributions to defined contribution plans are charged to profit or loss in the period to which they relate.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Fair valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Company determines the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving at fair value.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment.

Going concern

The Directors assessed and concluded that it is appropriate to prepare this set of financial statements on a going concern basis. While the Company needs to identify and obtain approval of the shareholders to acquire an appropriate qualifying asset within 3 years from 15 August 2014, failing which the Company will need to be liquidated, at the date of this report, there is no reason for the Directors to believe that there is any significant uncertainty on the ability of the Company to complete an acquisition of a qualifying asset. As disclosed in Note 24, an asset has been identified for acquisition.

5 OPERATING EXPENSES

	Financial period from 1.1.2016 to 29.2.2016	Financial period from 1.1.2015 to 28.2.2015 Unaudited
	RM	RM
Staff costs (Note 6)	905,135	779,339
Depreciation	49,835	60,283
Administrative expenses	299,277	223,127
Other operating expenses	274,177	265,227
	1,528,424	1,327,976

Company No.

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REACH ENERGY BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016 (CONTINUED)

6 STAFF COSTS

	Financial period from 1.1.2016 to 29.2.2016	Financial period from 1.1.2015 to 28.2.2015 Unaudited RM
Staff costs:		
Wages and salaries	542,000	520,310
Defined contribution retirement plan	61,794	59,184
Other employment benefits	25,205	23,129
Directors' remuneration:		
Remuneration and other emoluments	190,000	124,000
Defined contribution retirement plan	22,800	14,880
Directors' fees	33,336	33,336
Other employment benefits	30,000	4,500
	905,135	779,339

7 FINANCE COSTS AND FINANCE INCOME

	Financial period from 1.1.2016 to 29.2.2016 RM	Financial period from 1.1.2015 to 28.2.2015 Unaudited RM
Finance cost:		
Interest expense on financial liability component of the Public Issue Shares	6,747,602	5,408,152
Finance income:		
Realised gain on foreign exchange	2,774	-
Interest income from deposits with licensed banks	5,692,892	4,385,707
	5,695,666	4,385,707
Finance costs – net	1,051,936	1,022,445

8 TAX EXPENSE

	Financial period from 1.1.2016 to 29.2.2016 RM	Financial period from 1.1.2015 to 28.2.2015 Unaudited RM
Current tax expenses:		
Current financial year	(1,423,077)	(1,096,427)

8 TAX EXPENSE (CONTINUED)

The reconciliation of income tax expense applicable to loss before taxation to income tax expense are as follows:

	Financial period from 1.1.2016 to 29.2.2016	Financial period from 1.1.2015 to 28.2.2015 Unaudited
	RM	RM
Loss before tax	(2,580,360)	(2,350,421)
Taxation at Malaysian statutory tax rate of 25% (2015: 25%)	(645,090)	(587,605)
Non-deductible expenses	2,068,167	1,684,032
Income tax expense	1,423,077	1,096,427

9 LOSS PER ORDINARY SHARE

Basic loss per ordinary share

The calculation of basic loss per ordinary share for the period ended 29 February 2016 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Financial period from 1.1.2016 to 29.2.2016	Financial period from 1.1.2015 to 28.2.2015 Unaudited
	RM	RM
Loss attributable to ordinary shareholders	(4,003,437)	(3,446,848)
Weighted average number of ordinary shares	277,822,425	277,822,425
Basic loss per ordinary share (sen)	(1.44)	(1.24)

The weighted average number of ordinary shares does not include the ordinary shares held by the public which has been classified as financial liability (Note 14).

	Financial period from 1.1.2016 to 29.2.2016	Financial period from 1.1.2015 to 28.2.2015 Unaudited
	RM	RM
Diluted loss per ordinary share		
Diluted loss per ordinary share (sen)	(1.44)	(1.24)

The assumed conversion from the exercise of warrants would be anti-dilutive.

10 PLANT AND EQUIPMENT

	Leasehold improvement RM	IT network equipment RM	Office furniture and equipment RM	Total RM
Financial period from 1 January 2016 to 29 February 2016				
Costs				
At 1 January 2016	403,457	62,810	255,925	722,192
Additions	-	-	9,104	9,104
At 29 February 2016	403,457	62,810	265,029	731,296
Accumulated depreciation				
At 1 January 2016	266,589	50,542	100,408	417,539
Charge for the financial period	33,649	3,066	13,120	49,835
At 29 February 2016	300,238	53,608	113,528	467,374
Carrying amounts				
At 29 February 2016	103,219	9,202	151,501	263,922
Financial period from 1 August 2014 to 31 December 2015				
Costs				
At 1 August 2014	104,100	26,000	135,373	265,473
Additions	403,457	36,810	228,071	668,338
Disposals	-	-	(107,519)	(107,519)
Write-off	(104,100)	-	-	(104,100)
At 31 December 2015	403,457	62,810	255,925	722,192
Accumulated depreciation				
At 1 August 2014	69,377	17,336	46,694	133,407
Charge for the period	301,312	33,206	117,280	451,798
Disposals	-	-	(63,566)	(63,566)
Write-off	(104,100)	-	-	(104,100)
At 31 December 2015	266,589	50,542	100,408	417,539
Carrying amounts				
At 31 December 2015	136,868	12,268	155,517	304,653

11 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	29.2.2016	31.12.2015 Restated
	RM	RM
Non-trade		
Accrued interest	4,549,204	14,622,009
Deposits	146,805	147,617
Prepayments	39,156	41,801
Other receivables (Note (a))	105	105
	4,735,270	14,811,532

(a) Other receivables is unsecured, interest free and repayable on demand.

12 CASH AND BANK BALANCES

	29.2.2016	31.12.2015 Restated
	RM	RM
Cash and bank balances	1,894,364	22,022
Deposits with licensed financial institution	776,187,914	763,714,221
Total deposits, cash and bank balances	778,082,278	763,736,243
Less: Deposits with license financial institution which are restricted in use (Note 14)	750,795,621	735,308,778
Cash and cash equivalents	27,286,657	28,427,465

Bank balances are deposits held at call with banks and earn no interest.

The Company's effective weighted average interest rate of deposits at the end of the financial period is 3.95% (2015: 3.25%) per annum. Deposits, cash and bank balances are denominated in Ringgit Malaysia.

The remaining days to maturity for the fixed deposits with licensed banks as at the period end ranges from 7 to 90 days (2015: ranges from 13 to 90 days).

The Company placed 94.75% of the gross proceeds raised from its initial public offering in an Islamic Trust Account. The monies in the Islamic Trust Account may only be released by the Custodian upon acquisition of a Qualifying Asset or termination of the Islamic Trust Account.

The proceeds in the Islamic Trust Account have been invested in permitted investments which is Shariah compliant and any profits generated from the permitted investments will accrue to the Islamic Trust Account. In the event the Company fails to complete a Qualifying Acquisition within the Permitted Timeframe, the amount then held in the Islamic Trust Account (net of any taxes payable and direct expenses related to the Liquidation Distribution) shall be distributed to the shareholders on a pro rata basis as soon as practicable in accordance with the provisions of the Companies Act, 1965 and other applicable laws and regulation.

13 OTHER PAYABLES AND ACCRUALS

	29.2.2016 RM	31.12.2015 RM
Other payables	330,620	202,908
Accruals	1,691,245	1,793,351
	2,021,865	1,996,259

14 FINANCIAL LIABILITY COMPONENT OF THE PUBLIC ISSUE SHARES

The Company listed its shares and warrants as a Special Purpose Acquisition Company ("SPAC") on the Main Market of Bursa Malaysia Securities Berhad on 15 August 2014. It intends to acquire qualifying assets related to the exploration and production of oil and gas and development and production activities in the petroleum industry ("Qualifying Acquisition").

The Company placed 94.75% of the gross proceeds from its public issuance of shares in a custodian trust account ("Trust Account") immediately upon receipt of all proceeds ("IPO Custodian Trust Proceeds"). The amount in the custodian account may only be released by the custodian upon termination of the custodian trust account.

In the event the Company fails to complete a Qualifying Acquisition within the permitted timeframe (i.e. 36 months from the date of listing of the Company), the Company must be liquidated. The amount then held in the custodian trust account (net of any taxes payable and direct expenses related to the liquidation), must be distributed to the respective shareholders, except for Reach Energy Holdings Sdn. Bhd. and the Initial Investors, on a pro-rata basis as soon as practicable, as permissible by the relevant laws and regulations ("Liquidation Distribution"). Reach Energy Holdings Sdn. Bhd. and the Initial Investors may not participate in the Liquidation Distribution, except for securities purchased by them after the date of listing of the Company on the Main Market of Bursa Securities.

In the event that the shareholders do not agree with the Qualifying Acquisition, the dissenting shareholders will be entitled to receive, in exchange for their shares, a sum equivalent to a pro rata portion of the amount then held in the Trust Account (net of any taxes payables and expenses related to the facilitation of the exchange), provided that such Qualifying Acquisition is completed within the Permitted Timeframe.

The public issue share is a compound financial instrument with financial liability and equity components. The financial liability component, being the gross proceeds placed in the custodian trust account, represents the Company's financial liability of the public shareholders.

15 CAPITAL

Share capital

	29.2.2016		31.12.2015	
	Number of shares	Amount RM	Number of shares	Amount RM
Authorised: Ordinary shares of RM0.01 each				
At beginning/end of financial period	5,000,000,000	50,000,000	5,000,000,000	50,000,000
Issued and fully paid: Ordinary shares of RM0.01 each				
At 1 January 2016/ 1 August 2014	1,277,822,425	12,778,224	277,822,425	2,778,224
Issued during the financial period	-	-	1,000,000,000	10,000,000
At 29 February 2016/ 31 December 2015	1,277,822,425	12,778,224	1,277,822,425	12,778,224

Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The movements in the share premium of the Company are as follows:

	29.2.2016 RM	31.12.2015 RM
At 1 January 2016/1 August 2014	734,005,825	17,470,970
Issuance of ordinary shares during the financial period	-	740,000,000
Share issuance expenses	-	(23,465,145)
At 29 February 2016/ 31 December 2015	734,005,825	734,005,825

15 CAPITAL (CONTINUED)

	29.2.2016 RM	31.12.2015 RM
Total capital		
Total share capital and premium	746,784,049	746,784,049
Proceeds of shares allocated to warrant reserves	(36,357,116)	(36,357,116)
Proceeds of shares allocated to financial liability	(688,391,775)	(688,391,775)
	22,035,158	22,035,158

16 RESERVES

	Note	29.2.2016 RM	31.12.2015 RM
Warrants reserve	(a)	45,277,924	45,277,924
Share-based payment reserve	(b)	495,004	458,810
Accumulated losses		(43,237,251)	(39,233,814)
		2,535,677	6,502,920

(a) Warrants reserve

The movements in the warrants reserve of the Company are as follows:

	29.2.2016		31.12.2015	
	Number of warrants	Amount RM	Number of warrants	Amount RM
At 1 January 2016/ 1 August 2014	1,277,822,225	45,277,924	277,822,225	8,920,808
Created during the financial period	-	-	1,000,000,000	36,357,116
At 29 February 2016/ 31 December 2015	1,277,822,225	45,277,924	1,277,822,225	45,277,924

16 RESERVES (CONTINUED)

(a) Warrants reserve (continued)

Each warrant shall entitle the holder to subscribe for one new ordinary share of RM0.75 at the exercise price at any time during the exercise period and shall be subject to adjustments in accordance with the provision of the warrants deed poll. The warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants into new shares.

The new shares arising from the exercise of warrants shall, upon allotment and issue, rank pari passu with the then existing shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the new shares.

The warrants shall be transferable in the manner in accordance with the warrants deed poll subject always to the provisions of the SICDA (Securities Industry (Central Depositories) Act) and the rules of Bursa depository and any appendices.

(b) Share-based payment reserve

The movements in the share-based payment reserve of the Company are as follows:

	29.2.2016 RM	31.12.2015 RM
At 1 January 2016/ 1 August 2014	458,810	151,158
Charge during the period	36,194	307,652
At 29 February 2016/ 31 December 2015	495,004	458,810

The subscription of ordinary shares by the previous holding company, Reach Energy Holdings Sdn. Bhd. in the previous years was with free detachable warrants with the following features:

(i) 1 free warrant for 1 ordinary share of RM1 each;
(ii) Exercise price for each warrant is RM0.75; and
(iii) There is a moratorium in place whereby the warrants are not transferable during the moratorium period which is from the date of listing until the Company has commenced commercial production and generated one full financial year of audited operating revenue.

It is deemed that the free warrants were issued for payment of service.

16 RESERVES (CONTINUED)

(b) Share-based payment reserve (continued)

The fair values of share-based payment were estimated using the Trinomial Lattice Model based on the following key assumptions:

		Tranche 1	Tranche 2
(i)	Subscription price	RM0.045 per share	RM0.099 per share
(ii)	Exercise price	RM0.75 per warrant	RM0.75 per warrant
(iii)	Tenure of the Warrant	8 years	8 years
(iv)	Risk free interest rate	3.222%	3.222%
(v)	Expected dividend yield	0%	0%
(vi)	Expected share price volatility	56.65%	34.11%

17 FINANCIAL INSTRUMENTS BY CATEGORY

The table below provides an analysis of financial instruments categorised as follows:

	29.2.2016 RM	31.12.2015 RM
Financial assets classified as loans and receivables, as per statement of financial position		
Receivables and deposits (excluding prepayments)	4,696,114	14,769,731
Deposits, cash and bank balances	778,082,278	763,736,243
	782,778,392	778,505,974
Financial liabilities classified as other financial liabilities at amortised cost, as per statement of financial position		
Other payables and accruals (excluding statutory liabilities)	(1,870,315)	(1,845,668)
Financial liability component of the Public Issue Shares	(744,798,945)	(738,051,343)
	(746,669,260)	(739,897,011)

18 FINANCIAL RISKS MANAGEMENT

The Company's activities expose it to a variety of financial risk: market risk, credit risk and liability risk.

(a) Market risks consist of:

(i) foreign currency exchange risk – risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

(ii) fair value interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

(iii) cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

(iv) price risk – risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instrument traded in the market.

(b) credit risk – risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

(c) liquidity risk (funding risk) – risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

18 FINANCIAL RISKS MANAGEMENT (CONTINUED)

The Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Company's financial risk management policies. The Board of Directors regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

(a) Market risk

(i) Cash flows and fair value interest rate risk

The Company's financial performance and operating cash flows are substantially independent of changes in interest rates. The Company's deposits with licensed bank are at a fixed rate and are managed through the use of deposits with short-term tenure.

The interest rate profile of the Company's interest bearing financial assets and liabilities based on carrying amount as at the end of the reporting periods are shown in the table below:

	29.2.2016	31.12.2015
	RM	RM
Fixed rate:		
Deposits with licensed financial institution	776,187,914	763,714,221

(ii) Foreign currency exchange risk and price risk

At the reporting date, the Company does not have significant foreign currency exchange risk and price risk exposure.

(b) Credit risk

The maximum exposure to credit risk for the Company is represented by the carrying amount of the loans and receivables presented in the statement of financial position. As at the end of the reporting year, there was no indication that the loans and receivables are not recoverable.

Deposits, cash and bank balances are with approved financial institutions and reputable banks.

In view of the sound credit rating of counterparties, management does not expect any counterparties to fail to meet their obligations.

18 FINANCIAL RISKS MANAGEMENT (CONTINUED)

(c) Liquidity risk

The Company maintains a level of deposits, cash and bank balances deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

	Note	Within 1 year RM	1 to 3 years RM	Total RM
29.2.2016				
Financial liabilities				
Other payables and accruals (excluding statutory liabilities)		1,870,315	-	1,870,315
Financial liability component of the Public Issue Share		-	799,394,161	799,394,161
		1,870,315	799,394,161	801,264,476

18 FINANCIAL RISKS MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations: (continued)

	Note	Within 1 year RM	1 to 3 years RM	Total RM
31.12.2015				
Financial liabilities				
Other payables and accruals (excluding statutory liabilities)		1,845,668	-	1,845,668
Financial liability component of the Public Issue Share		-	789,800,195	789,800,195
		1,845,668	789,800,195	791,645,863

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of current financial assets, current financial liabilities and non-current liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

Financial instruments that are measured in the statement of financial position at fair value are disclosed by the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The carrying amount of deposits, cash and bank balances; receivables and deposits; and other payables and accruals approximate their fair values due to the relatively short term nature of the instruments.

The carrying amount of the financial liabilities of the Public Issued Shares approximates their fair value.

20 CAPITAL MANAGEMENT

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital is calculated as 'equity' as shown in the statements of financial position.

21 RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel include all the Directors of the Company, and certain members of senior management of the Company.

The significant related party transactions of the Company are shown below:

	1.1.2016 to 29.2.2016	1.1.2015 to 28.2.2015 Unaudited
	RM	RM
Key management personnel:		
Directors		
- Fees	33,336	33,336
- Remunerations and other emoluments	190,000	124,000
- Defined contribution plan	22,800	14,880
- Other employment benefits	30,000	4,500
	276,136	176,716
Other key management personnel		
- Remunerations and other emoluments	274,000	274,000
- Defined contribution plan	29,280	29,280
	303,280	303,280
	579,416	479,996

22 SEASONALITY OF OPERATIONS

The Company's operations are not affected by any seasonal or cyclical factors as the Company currently has no operations or income generating business.

23 COMPARATIVE

During the financial year, the Company made certain reclassification to the comparatives to conform to current year presentation, resulting in the financial statements providing more relevant information about the effects of the transaction on the Company's financial positions.

The reclassification has no impact to the statement of comprehensive income for the financial year.

The impact of the reclassification is as set out below:

(a) Impact on the Statement of Financial Position

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
At 31 December 2015			
Receivables deposits and prepayment	189,523	14,622,009	14,811,532
Cash and bank balances	778,358,252	(14,622,009)	763,736,243

(b) Impact on the Statement of Cash Flows

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
31 December 2015			
Cash and cash equivalent	13,950,699	14,476,766	28,427,465

24 EVENTS OCCURING AFTER THE REPORTING PERIOD

The Company entered into a tri-partite conditional Sale and Purchase Agreement ("SPA") on 5 March 2016 with Palaeontol Cooperatief U.A. ("Palaeontol COOP") and MIE Holdings Corporation ("MIEH"), a corporation listed on the Main Board of the Stock Exchange of Hong Kong Limited for the proposed acquisition of 60% equity interest in Palaeontol B.V. (a wholly-owned subsidiary of Palaeontol COOP which in turn is an indirect wholly-owned subsidiary of MIEH) for a total purchase consideration of USD154.889 million, subject to adjustments based on agreed parameters, The adjusted purchase consideration shall not be greater than USD175.889 million (unless mutually agreed).

Company No.	
1034400	D

REACH ENERGY BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Ir. Shahul Hamid bin Mohd Ismail and Izlan bin Izhab, two of the the Directors of Reach Energy Berhad., state that, in the opinion of the Directors, the financial statements set out on pages 1 to 30 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 29 February 2016 and of the results and cash flows of the Company for the financial year ended in accordance with MFRS 134 "Interim Financial Reporting" and IAS 34 "Interim Financial Reporting".

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 April 2016.

IR.SHAHUL HAMID BIN MOHD ISMAIL
DIRECTOR

IZLAN BIN IZHAB
DIRECTOR

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF REACH ENERGY BERHAD
(Incorporated in Malaysia)
(Company No: 1034400 D)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Reach Energy Berhad on pages 1 to 30 which comprise the statement of financial position as at 29 February 2016 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 24.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with MFRS 134 "Interim Financial Reporting" and IAS 34 "Interim Financial Reporting". The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these interim financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF REACH ENERGY BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No: 1034400 D)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the interim financial statements give a true and fair view of the financial position of the Company as of 29 February 2016 and of its financial performance and its cash flows for the financial period then ended in accordance with MFRS 134 "Interim Financial Reporting" and IAS 34 "Interim Financial Reporting".

OTHER MATTER

The comparative information for the statement of financial position is based on audited financial statements as at 31 December 2015. The comparative information for the statement of comprehensive income, statement of changes in equity, statement of cash flows and the related explanatory notes, for the period ended 28 February 2015 has not been audited or reviewed.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

NURUL A'IN BINTI ABDUL LATIF
(No. 2910/02/17 (J))
Chartered Accountant

Kuala Lumpur
28 April 2016