

Company Name : REACH ENERGY BERHAD
Stock Name : REACH
Date Announced : 15 July 2020
Type : General Announcement
Subject : Audit Report – Modified Opinion/Material Uncertainty
Related to Going Concern
Description : Reach Energy Berhad (“REB” or “the Company”) -
Issuance of Unqualified Audit Opinion with
Emphasis of Matter on material uncertainty relation
to going concern in respect of REB’s audited
financial statements for the financial year ended 31
December 2019

Pursuant to paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, kindly note that the Company’s external auditors, Messrs PricewaterhouseCoopers PLT, have issued an unqualified audit opinion with emphasis of matter on material uncertainty relating to going concern, in view of the impact on Covid-19 to the industry and the decline in oil prices, in respect of REB’s audited financial statements for the financial year ended 31 December 2019.

Emphasis of Matter by Independent Auditors

“We draw attention to Note 3.1 of the financial statements which indicates that the Group and the Company incurred net losses of RM180.1 million and RM7.0 million respectively during the financial year ended 31 December 2019 and, as of that date, the Group’s current liabilities exceeded its current assets by RM13.2 million. As disclosed in that Note, the impact of Covid-19 to the industry and the decline in oil prices have affected the ability of the Group and the Company to generate positive internal cash flows. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

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

This announcement is dated 15 July 2020.