

Company Name : REACH ENERGY BERHAD
Stock Name : REACH
Date Announced : 29 April 2022
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 2021

Pursuant to paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, kindly note that the Company’s external auditors, PricewaterhouseCoopers PLT, have issued an unqualified audit opinion with emphasis of matter on material uncertainty relating to going concern, in view of the challenges arising from operational issues which have affected the Group’s ability to meet production targets and the volatility of crude oil price as a result of the uncertainties surrounding the industry caused by, among others, the COVID-19 pandemic and the Ukraine-Russia conflict, in respect of REB’s audited financial statements for the financial year ended 31 December 2021.

Emphasis of Matter by Independent Auditors

“We draw attention to Note 3.1 in the financial statements, which indicates that the Group and the Company incurred net losses RM82.3 million and RM3.8 million respectively during the financial year ended 31 December 2021 and, as of that date, the Group’s current liabilities exceeded its current assets by RM427.2 million. As stated in Note 3.1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on 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 29 April 2022.