



REACH ENERGY BERHAD

Interim Financial Statements

for the period ended

31-Jul-14

REACH ENERGY BERHAD
(Company No. 1034400-D)
(incorporated to Malaysia)
UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD/ YEAR ENDED 31 JULY 2014

	Note	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
		Unaudited current 2nd half year period to 31 Jul 2014	Audited current 2nd half year period to 31 Jul 2013	Unaudited 12 months to 31 Jul 2014	Audited 12 months to 31 Jul 2013
		RM	RM	RM	RM
Finance income		264,452	4,284	331,228	4,284
Operating expenses	*	(25,969,360)	(2,173,245)	(28,515,023)	(2,173,245)
Loss before taxation	B1	<u>(25,704,907)</u>	<u>(2,168,961)</u>	<u>(28,183,795)</u>	<u>(2,168,961)</u>
Taxation	B2	(117,470)	-	(117,470)	-
Net loss for the period/year, representing total comprehensive expenses for the period/year		<u>(25,822,377)</u>	<u>(2,168,961)</u>	<u>(28,301,265)</u>	<u>(2,168,961)</u>
Loss attributable to :					
Owners of the Company		<u>(25,822,377)</u>	<u>(2,168,961)</u>	<u>(28,301,265)</u>	<u>(2,168,961)</u>
Basic loss per ordinary share (sen):	B3	<u>(0.400)</u>	<u>(0.152)</u>	<u>(0.030)</u>	<u>(0.152)</u>
Diluted loss per ordinary share (sen):		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* **Significant operating expenses incurred in the current 2nd half year period to 31 July 2014 due to accruals of listing expenses incurred amounting to RM 24,024,339. The Company has successfully listed its share on the Main Board of Bursa Malaysia as a Special Purpose Acquisition Company (SPAC) on 15 August 2014 raising a capital of RM 750,000,000.**

REACH ENERGY BERHAD
(Company No. 1034400-D)
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UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2014

	Note	(Unaudited) 31-Jul 2014 RM	(Audited) 31-Jan 2014 RM
Non-current assets			
Property, plant and equipment	B4	132,066	171,911
Current assets			
Deposits and prepayments		120,305	37,280
Cash and bank balances	B5	23,176,874	5,589,157
		23,297,178	5,626,437
Current liabilities			
Other payables and accruals	B6	24,578,312	2,249,127
		24,578,312	2,249,127
Net current assets		(1,281,134)	3,377,310
Total assets		(1,149,068)	3,549,221
Capital employed:			
Equity and Liabilities **			
Share Capital		25,194,002	1,136,002
Share premium		1,908,480	1,908,480
Warrant reserves		2,067,520	2,067,520
Share based payment reserve		151,157	85,068
Accumulated losses		(30,470,227)	(4,647,849)
		(1,149,068)	549,221
Preferences Shares		-	3,000,000
		(1,149,068)	3,549,221

** *Reach Energy Berhad was successfully listed on 15 August 2014 raising a capital of RM750,000,000.00*

REACH ENERGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2014

	Unaudited Current year Ended 31-Jul-14 RM	(Audited) From 7-Feb-13 31-Jul-13 RM
Cash flows from operating activities		
Loss before taxation	(28,301,265)	(2,168,961)
<i>Adjustments for:-</i>		
Depreciation of plant and equipment	102,459	30,947
Finance income	(331,228)	(4,284)
Share-based payment charge	139,005	12,153
Operating loss before working capital changes	(28,391,029)	(2,130,145)
Changes in working capital:		
Increase in deposits and prepayment	(75,296)	(45,009)
Increase in other payables and accruals	23,532,974	1,045,339
Cash used in operations	(4,933,351)	(1,129,816)
Finance income received	331,228	4,284
Net cash used in operating activities	(4,602,123)	(1,125,532)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(28,596)	(236,877)
Net cash used in investing activities	(28,596)	(236,877)
Cash flows from financing activities		
Proceeds of issuance of ordinary share capital	21,058,000	5,112,000
Proceeds of issuance of RCPS	-	3,000,000
Net cash from financing activities	21,058,000	8,112,000
Net increase in cash and cash equivalents	16,427,281	6,749,591
Cash and cash equivalents brought forward	6,749,593	2
Cash and cash equivalents carried forward	23,176,874	6,749,593
The cash and cash equivalents comprise:		
Current Account		
Hong leong Islamic Bank Berhad	556,879	1,987,842
Standard Chartered Sadiq Berhad	1,186,785	4,761,749
	1,743,664	6,749,591
Fixed Deposit		
Standard Chartered Sadiq Berhad	21,433,208	-
	23,176,872	6,749,591
Cash In Hand	2	2
	23,176,874	6,749,593

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 JULY 2014
STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED

	<-----Attributable to owner of the Company----->					
	<-----Non-distributable----->					
	Share capital RM	Share Premium RM	Warrant Reserve	Share-based Payment Reserve	Accumulated losses RM	Total RM
At 7 February 2013 (date of incorporation)	2	-	-	-	-	2
Loss/total comprehensive expense for the period	-	-	-	-	(2,168,961)	(2,168,961)
Issuance of ordinary shares	1,136,000	1,908,480	2,067,520	-	-	5,112,000
Share-based payment transaction	-	-	-	12,153	-	12,153
At 31 July 2013/ 1 August 2013	<u>1,136,002</u>	<u>1,908,480</u>	<u>2,067,520</u>	<u>12,153</u>	<u>(2,168,961)</u>	<u>2,955,194</u>
Loss/total comprehensive expense for the year	-	-	-	-	(28,301,266)	(28,301,266)
Issuance of ordinary shares	24,058,000	-	-	-	-	24,058,000
Share-based payment transaction	-	-	-	139,005	-	139,005
At 31 July 2014	<u><u>25,194,002</u></u>	<u><u>1,908,480</u></u>	<u><u>2,067,520</u></u>	<u><u>151,158</u></u>	<u><u>(30,470,227)</u></u>	<u><u>(1,149,068)</u></u>

NOTES TO THE MANAGEMENT ACCOUNTS

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), 134, Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MBSB") and Paragraph 9.22 of the Main market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities Berhad" ("Bursa Securities")). The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 July 2013.

The explanatory notes attached to unaudited condensed financial statements provide and explanation of events and transaction that are significant to an understanding of the changes in the financial and performance of Reach Energy Berhad (the "Company") since the financial year ended 31 July 2014.

A2 Changes in accounting policies

Save as disclosed in this Interim Financial Statements, the adoption of the revised MFRSs and Amendments to MFRSs that are applicable to the Company and effective from 1 February 2014 has no material effect to the Company's Interim Financial Statements.

A3 Auditors' Opinion on Preceding Annual Financial Statements

The Company's financial statements for the financial year ended 31 July 2013 were not subject to audit qualification.

A4 Seasonality or cyclicity 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.

A5 Individually Significant items

Save as disclosed below, there were no significant items that affect the assets, liabilities, equity, net income or cash flow of the Company during the current financial year under review.

i) a supplemental subscription agreement with our Company for the subscription of 142,000,000 new Shares together with 142,000,000 Warrants at a subscription price of RM0.99 per Share, of which such number of new Shares together with the Warrants will be issued after the receipt of the SC's approval. The 142,000,000 Share together with the 142,000,000 Warrants were issued on 20 June 2014.

ii) the subscription of the total of 15,555,555 new Shares together with 15,555,555 Warrants at a subscription price of RM 0.45 per share after the receipt of the SC's approval for IPO. The total of 15,555,555 Shares were issued on 4 July 2014 and raised proceeds of RM6,999,999.75

A6 Material changes in estimates

There were no significant changes in estimates that have a material effect on the current financial year under review.

A7 Borrowing, debt and equity security

Redeemable convertible preference share ("RCPS")

On 26 July 2014, two investors ("Initial Investors") entered into separate subscription agreements with the Company for the following:

i) Subscription of 666,667 Redeemable Convertible Preference Shares ("RCPS") at a subscription price of RM4.50 per RCPS. The RCPS were issued on 29 July 2013 and raised proceeds of RM3,000,001 for working capital purposes.

ii) Subscription of a total of 15,555,555 ordinary shares, together with 15,555,555 warrants at the subscription price of RM0.45 per share after the receipt of approval from Securities Commission Malaysia to list as a Special Purpose Acquisition Company ("SPAC") on the Main Market of Bursa Malaysia Securities Berhad.

A8 Dividend paid

There was no dividend declared or paid during the current financial year ended 31 July 2014.

A9 Segmental reporting

The segmental financial information by operating segments is not presented as the Company has no operations or income generating business.

A10 Valuation of properties, plants and equipment

There was no valuation of the property, plant and equipment performed for the current financial period.

A11 Material events subsequent to the end of the interim period

There were no material events after the interim period that has not been reflected in the financial statements for the interim period.

A12 Changes in the composition of the company

There were no changes in the composition of the Company during the current financial year under review.

A13 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as the date of this Interim Financial Statement.

A14 **Operating lease commitments**

During the period, the company entered into a new operating lease for the rental of office premises.

Non-cancellable operating lease rentals are payable as follows:

	UNAUDITED 31 July 2014	AUDITED 31 Jan 2014
Less than one year	59,067.40	71,795.00
Between one and five years	576,933.00	29,915.00
	636,000.40	101,710.00

B1 **Loss before tax**

	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
	Unaudited current 2nd half year period to 31 Jul	Audited current 2nd half year period to 31 Jul	Unaudited 12 months to 31 Jul	Audited 12 months to 31 Jul
	2014	2013	2014	2013
	RM	RM	RM	RM
Loss before tax is arrived at after charging:				
Salaries & Wages				
Management Team	1,182,573	189,280	2,600,493	189,280
Others	95,585	12,200	144,688	12,200
Listing Expenses	24,024,339	1,747,547	24,834,801	1,747,547
Audit, Accountancy, Secretarial & Tax	89,138	15,782	91,751	15,782
Office Rental & Maintenance	72,747	21,678	121,980	21,678
Travelling & Subsistence	151,921	75,814	197,544	75,814
Others	353,058	110,944	523,767	110,944
	25,969,360	2,173,245	28,515,023	2,173,245
and after crediting:				
Finance income	264,452	4,284	331,228	4,284

B2 **Tax expense**

	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
	Unaudited current 2nd half year period to 31 Jul	Audited current 2nd half year period to 31 Jul	Unaudited 12 months to 31 Jul	Audited 12 months to 31 Jul
	2014	2013	2014	2013
	RM	RM	RM	RM
Current tax expense	117,470	-	117,470	-
Reconciliation of tax expense				
Loss before tax	(25,704,907)	(2,168,961)	(28,183,795)	(2,168,961)
Taxation at Malaysian statutory tax rate	80,817	(433,792)	80,817	(433,792)
Non-deductible expenses	-	432,935	-	432,935
Other items	36,653	857	36,653	857
Income tax expense	117,470	-	117,470	-

B3 **Loss per ordinary share**

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 July 2014 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
	ENDED		ENDED	
	31 Jul 2014	31 Jul 2014	31 Jul 2014	31 Jul 2013
Loss attributable to ordinary shareholders	(25,822,377)	(2,168,961)	(2,168,961)	(2,168,961)
Weighted average number of ordinary shares	65,185,600	14,281,300	65,185,600	14,281,300
Basic loss per ordinary share	(0.40)	(0.15)	(0.03)	(0.15)

B4 **Property, Plant & Equipment**

	Office Renovation	Office Furniture & Equipment	IT network equipment	Total
<u>At cost</u>				
At 1 August 2013	104,100	106,777	26,000	236,877
Additions	-	16,118	-	16,118
At 31 Jan 2014	104,100	122,895	26,000	252,995
<u>Accumulated Degreciation</u>				
At 1 August 2013	17,285	9,328	4,333	30,947
Charge for the period	26,046	17,591	6,500	50,137
At 31 Jan 2014	43,331	26,919	10,833	81,084
NBV as at 31 July 2013	60,769	95,976	15,167	171,911
<u>At cost</u>				
At 1 Feb 2014	104,100	122,895	26,000	252,995
Additions	-	12,478	-	12,478
At 31 July 2014	104,100	135,373	26,000	265,473
<u>Accumulated Degreciation</u>				
At 1 Feb 2014	43,331	26,919	10,833	81,084
Charge for the period	26,046	19,774	6,503	52,323
At 31 July 2014	69,377	46,694	17,336	133,407
NBV as at 31 July 2014	34,723	88,679	8,664	132,066

B5 **Other Payables & Accruals**

	UNAUDITED 31 July 2014 RM	AUDITED 31 Jan 2014 RM
Other Creditors	24,419,856	1,133,487
Accrual	158,457	952,640
Total	24,578,312	2,086,127

B6 **Reserves**

Reserves consist of :-

	UNAUDITED 31 July 2014 RM	AUDITED 31 Jan 2014 RM
Share premium	1,908,480	1,908,480
Warrant reserves	2,067,520	2,067,520
Share-based payment reserve	12,153	85,068
Accumulated losses	(2,168,961)	(4,647,849)
As at 31 January 2014	1,819,192	(586,781)
Share premium	1,908,480	1,908,480
Warrant reserves	2,067,520	2,067,520
Share-based payment reserve	151,157	85,068
Accumulated losses	(30,470,227)	(4,647,849)
As at 31 Jan 2014/ 31 July 2014	(26,343,070)	(586,781)

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 follow:-

	UNAUDITED 31 July 2014 RM	AUDITED 31 Jan 2014 RM
as date of incorporation / At 1 February 2014	1,908,480	-
Issuance of ordinary shares during the period	-	1,908,480
As at 31 Jan 2014/ 31 July 2014	-	1,908,480

Warrant Reserves

The movements in the warrants reserve of the Company are as follow:-

	UNAUDITED	AUDITED
	31 July 2014	31 Jan 2014
	RM	RM
as date of incorporation / At 1 February 2014	2,067,520	-
Issuance of ordinary shares during the period	-	<u>2,067,520</u>
As at 31 Jan 2014/ 31 July 2014	<u>-</u>	<u>2,067,520</u>

BY ORDER OF THE BOARD
CHIN NGEOK MUI
CHEN BEE LING

SECRETARIES

30 SEPTEMBER 2014