



# **REACH ENERGY BERHAD**

**(Company No. 1034400-D)  
(Incorporated in Malaysia)**

## **REPORT ON UNAUDITED FINANCIAL RESULTS FOR THE FIRST HALF YEAR PERIOD ENDED 31 JANUARY 2015**

("Interim Financial Statements")

(THE FIGURES HAVE NOT BEEN AUDITED)

**REACH ENERGY BERHAD**  
**(Company No. 1034400-D)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 JANUARY 2015**

		<u>INDIVIDUAL 6 MONTHS</u>		<u>CUMULATIVE 6 MONTHS</u>	
		<b>Unaudited current 1st half year period to 31 Jan 2015 RM</b>	<b>Unaudited preceding corresponding 1st half year period to 31 Jan 2014 RM</b>	<b>Unaudited 6 months to 31 Jan 2015 RM</b>	<b>Unaudited 6 months to 31 Jan 2014 RM</b>
<b>Finance income</b>		<b>12,308,364</b>	<b>66,776</b>	<b>12,308,364</b>	<b>66,776</b>
Operating expenses		14,810,158	2,545,664	14,810,158	2,545,664
<b>Loss before taxation</b>		<b>(2,501,794)</b>	<b>(2,478,888)</b>	<b>(2,501,794)</b>	<b>(2,478,888)</b>
Income tax expenses	B6	(2,339,007)	-	(2,339,007)	-
<b>Net loss for the period/year, representing total comprehensive expenses for the period/year</b>		<b>(4,840,801)</b>	<b>(2,478,888)</b>	<b>(4,840,801)</b>	<b>(2,478,888)</b>
<b>Loss after taxation attributable to :</b>					
Owners of the Company		(4,840,801)	(2,478,888)	(4,840,801)	(2,478,888)
<b>Loss comprehensive expenses attributable to :</b>					
Owners of the Company		(4,840,801)	(2,478,888)	(4,840,801)	(2,478,888)
<b>Loss for the period comprise the following:</b>					
Realised		(4,840,801)	(2,478,888)	(4,840,801)	(2,478,888)
Unrealised		-	-	-	-
Basic loss per ordinary share (sen):	B8	(0.004)	(0.038)	(0.004)	(0.038)
Diluted loss per ordinary share ( sen):		-	-	-	-

**REACH ENERGY BERHAD**  
**(Company No. 1034400-D)**  
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**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2015**

	Notes	Unaudited As at 31 Jan 2015 RM	Unaudited As at 31 Jan 2014 RM
<b>Non-current assets</b>			
Property, plant and equipment	B8	600,011	171,911
<b>Current assets</b>			
Deposits and prepayments		218,657	37,280
Other debtors	B9	2,608,660	-
Cash and bank balances	B10	755,544,611	5,589,157
		<u>758,371,928</u>	<u>5,626,437</u>
<b>Current liabilities</b>			
Other payables and accruals	B11	931,562	2,249,126
Redeemable Convertible Preference Shares ("RPCS")		-	3,000,001
Current Tax Liabilities		2,419,824	-
		<u>3,351,385</u>	<u>5,249,127</u>
<b>Net current assets</b>		755,020,543	377,310
<b>Total assets</b>		<u><b>755,620,554</b></u>	<u><b>549,221</b></u>
<b>Equity and Liabilities</b>			
Share Capital	B12	12,778,224	1,136,002
Share premium	B13	12,995,970	1,908,480
Share based payment reserve	B14	259,741	85,068
Warrant reserves	B15	20,120,808	2,067,520
Accumulated losses		<u>(12,737,173)</u>	<u>(4,647,849)</u>
		33,417,570	549,221
Financial Liabilities Component of The Public Issue Shares		<u>722,202,985</u>	-
		<u><b>755,620,554</b></u>	<u><b>549,221</b></u>

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015**

	<b>Unaudited Current Period Ended 31 Jan 2015 RM</b>	<b>Unaudited Preceding Period Ended 31 Jan 2014 RM</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(2,501,794)	(2,478,888)
<i>Adjustments for:-</i>		
Depreciation of plant and equipment	169,908	50,137
Finance income	(12,308,364)	(66,776)
Finance costs	11,577,985	-
Share-based payment charge	108,583	72,915
Operating loss before working capital changes	<u>(2,953,682)</u>	<u>(2,422,612)</u>
Changes in working capital:		
Increase in deposits and prepayment	(98,898)	7,729
Increase in other debtors	(5,969)	-
Decrease in trade payables	<u>(1,020,767)</u>	<u>1,203,788</u>
<b>Cash used in operations</b>	<u>(4,079,317)</u>	<u>(1,211,094)</u>
Finance income received	<u>253,363</u>	<u>66,776</u>
<b>Net cash used in operating activities</b>	<u>(3,825,954)</u>	<u>(1,144,318)</u>
<b>Cash flows from investing activities</b>		
Placement of deposits with licensed Islamic banks which are restricted in use	(722,202,985)	-
Profit/finance income received from deposit which are restricted in use	11,577,985	-
acquisition of property, plant and equipment	<u>(637,852)</u>	<u>(16,118)</u>
<b>Net cash used in investing activities</b>	<u>(711,262,852)</u>	<u>(16,118)</u>
<b>Cash flows from financing activities</b>		
Proceeds of issuance of share to public investor through IPO	750,000,000	-
Payment of listing expenses	(22,621,418)	-
Proceeds of issuance of ordinary share capital	-	-
Proceeds of issuance of RCPS	-	-
<b>Net cash from financing activities</b>	<u>727,378,582</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>12,289,776</u>	<u>(1,160,436)</u>
Cash and cash equivalents brought forward	<u>23,177,525</u>	<u>6,749,593</u>
<b>Cash and cash equivalents carried forward</b>	<u><b>35,467,301</b></u>	<u><b>5,589,157</b></u>
<b>The cash and cash equivalents comprise:</b>		
<b>Cash on hand</b>		
Current account	34,679	2,543,373
Deposit with licensed Islamic Bank	755,509,931	3,045,781
<b>Total Cash and Bank Balances</b>	<u><b>755,544,611</b></u>	<u><b>5,589,157</b></u>
Less: Deposit with licensed banks which are restricted in use	<u>(720,077,310)</u>	<u>-</u>
	<u><b>35,467,301</b></u>	<u><b>5,589,157</b></u>

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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015**

	-----Attributable to owner of the Company-----					Total RM
	<-----Non-distributable----->			<-----Distributable----->		
	Share capital RM	Share Premium RM	Warrant Reserve RM	Share-based Payment Reserve RM	Accumulated losses RM	
At 31 July 2013/ 1 August 2013	1,136,002	1,908,480	2,067,520	12,153	(2,168,961)	2,955,194
Loss/total comprehensive expense for the year	-	-	-	-	(2,478,888)	(2,478,888)
Share-based payment reserve	-	-	-	72,915	-	72,915
<b>At 31 Jan 2014</b>	<u>1,136,002</u>	<u>1,908,480</u>	<u>2,067,520</u>	<u>85,068</u>	<u>(4,647,849)</u>	<u>549,221</u>
Loss/total comprehensive expense for the year	-	-	-	-	(30,739,324)	(30,739,324)
Issuance of ordinary shares	11,420,000	26,808,600	15,204,400	-	-	53,433,000
Conversion of RPCS	222,222	6,928,890	2,848,888	-	-	10,000,000
Share-based payment reserve	-	-	-	174,673	-	174,673
Share issuance costs	-	(22,650,000)	-	-	22,650,000	-
<b>At 31 January 2015</b>	<u>12,778,224</u>	<u>12,995,970</u>	<u>20,120,808</u>	<u>259,741</u>	<u>(12,737,173)</u>	<u>33,417,570</u>

## **NOTES TO THE MANAGEMENT ACCOUNTS**

### **PART A-EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134 - INTERIM FINANCIAL REPORTING**

#### **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 2014.

The explanatory notes attached to unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Reach Energy Berhad ("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 August 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 2014 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 The Company has listed its shares and warrants as a Special Acquisition Purpose Company ("SPAC") on the Main Market of Bursa Malaysia Securities Berhad on 15 August 2014.
- ii Upon listing, the Company received RM750,000,000 of subscription proceeds from the IPO of which, 94.75% of the proceeds was placed in a Cash Trust Account for the purpose of acquiring Qualifying Assets ("QA") that has an aggregate fair market value equal to at least 80% of the aggregate amount in the Cash Trust Account and the remaining 5.25% is to be utilised for working capital purposes.
- iii The Company incurred accumulated listing expenses amounting to RM26,780,137 (31 January 2014: RM2,558,009). Out of which, RM22,650,000 was reclassified to offset againsts the share premium account.

#### **A6 Material changes in estimates**

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

A7 **Borrowing, debt and equity security**

There were no issuances, cancellation, repurchases, resale and repayments of borrowings, debt and equity securities during the financial year ended 31 January 2015.

A8 **Dividend paid**

There was no dividend declared or paid during the current financial year ended 31 January 2015.

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 year under review.

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 operating lease for the rental of office premises.

Non-cancellable operating lease rentals are

	<b>UNAUDITED</b> <b>31 Jan 2015</b>	<b>UNAUDITED</b> <b>31 Jan 2014</b>
Less than one year	173,985	71,795
Between one and five years	305,844	29,915
	<u>479,829</u>	<u>101,710</u>

**PART B: ADDITIONAL NOTES TO REQUIREMENTS UNDER CHAPTER 9 OF THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**B1 Review of Results**

For 1st half year period ended 31 January 2015

Reach Energy Berhad as a Special Purpose Acquisition Company (SPAC) will only generate operating income once it has completed the Qualifying Acquisition (QA). For the financial period ended 31 January 2015, the Company's sources of income are mainly derived from profit earned from Shariah compliant fixed deposits placements amounting to RM12,308,364 (2014: RM66,776). The operating expenses incurred was RM14,810,158 (2014: RM2,545,664), resulting in loss before tax of RM2,501,794 (2014: RM2,478,888). The tax expenses amounted to RM2,339,007 (2014: RM Nil). The major expenses were remuneration of management team, finance costs, traveling and subsistence, listing expenses and share-based payment reserve.

The operating expenses incurred by the Company consisted of the following:-

	INDIVIDUAL 6 MONTHS		CUMULATIVE 6 MONTHS	
	Unaudited current 1st half year period to 31 Jan 2015	Unaudited preceding corresponding 1st half year period to 31 Jan 2014	Unaudited 6 months to 31 Jan 2015	Unaudited 6 months to 31 Jan 2014
	RM	RM	RM	RM
Salaries & Wages				
Management Team	1,282,602	1,417,920	1,282,602	1,417,920
Others	817,340	49,103	817,340	49,103
Finance costs	11,577,985	-	11,577,985	-
Office Rental & Maintenance	183,982	49,233	183,982	94,857
Traveling & Subsistence	153,591	47,316	153,591	1,692
Listing expenses	197,790	810,462	197,790	810,462
Share-Based Payment Reserve	108,583	72,915	108,583	72,915
Others	488,286	98,714	488,286	98,714
	<u>14,810,158</u>	<u>2,545,664</u>	<u>14,810,158</u>	<u>2,545,664</u>

The finance costs represent the profit earned from amount held in the custodian account placed in fixed deposits with licensed banks.

**B2 Material change in loss before taxation in comparison to the preceding half-year**

In the 1st year period ended 31 January 2015, the Company recorded a loss before tax of RM2,501,794 compared to RM2,478,888 in the preceding half year (six-month period ended 31 January 2014). The main difference is due to finance income received from fixed deposit placement.

**B3 Prospects**

As at the date of this report, the Company has identified and is pursuing several attractive opportunities within the region of interest.

**B4 Profit forecast / Guarantee**

The Company has not announced or disclosed any profit forecast or profit guarantee in any public documents.

**B5 Purchase or disposal of quoted securities**

There was no purchase or disposal of quoted securities during the financial year ended 31 January 2015.

**B6 Income Tax Expense**

	INDIVIDUAL 6 MONTHS		CUMULATIVE 6 MONTHS	
	Unaudited current 1st half year period to 31 Jan 2015 RM	Unaudited preceding corresponding 1st half year period to 31 Jan 2014 RM	Unaudited 6 months to 31 Jan 2015 RM	Unaudited 6 months to 31 Jan 2014 RM
Current tax expense	(2,339,007)	-	(2,339,007)	-
<b>Reconciliation of tax expense</b>				
Loss before tax	(2,501,794)	(2,478,888)	(2,501,794)	(2,478,888)
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	(625,448)	(619,722)	(625,448)	(619,722)
Non-deductible expenses	2,964,455	619,722	2,964,455	619,722
Income tax expense	2,339,007	-	2,339,007	-

In the current year, the income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year as the Company no longer qualifies for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act 1967 as the Company has increased paid-up capital to more than RM2.5 million.

**B7 Basic loss per ordinary share**

The calculation of basic loss per ordinary share at 31 January 2015 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 6 MONTHS	
	Unaudited current 1st half year period to 31 Jan 2015 RM	Unaudited preceding corresponding 1st half year period to 31 Jan 2014 RM	Unaudited 6 months to 31 Jan 2015 RM	Unaudited 6 months to 31 Jan 2014 RM
Loss attributable to ordinary shareholders	(4,840,801)	(2,478,888)	(4,840,801)	(2,478,888)
Weighted average number of ordinary shares	1,173,182,418	65,185,600	1,173,182,418	65,185,600
Basic loss per ordinary share	(0.004)	(0.038)	(0.004)	(0.038)

**B8 Property, Plant & Equipment**

	Office Renovation	Office Furniture & Equipment	IT network equipment	Total
<i>At cost</i>				
At 1 Aug 2013	104,100	106,777	26,000	236,877
Additions	-	16,118	-	16,118
At 31 Jan 2014	104,100	135,373	26,000	252,995
<i>Accumulated Depreciation</i>				
At 1 Aug 2013	17,285	9,329	4,333	30,947
Charge for the period	26,047	17,590	6,500	50,137
At 31 Jan 2014	43,332	26,919	10,833	81,084
<b>NBV as at 31 Jan 2014</b>	<b>60,768</b>	<b>108,454</b>	<b>15,167</b>	<b>171,911</b>
<i>At cost</i>				
At 1 Aug 2014	104,100	135,373	26,000	265,473
Additions	416,057	184,985	36,810	637,852
At 31 Jan 2015	520,157	320,358	62,810	903,325
<i>Accumulated Depreciation</i>				
At 1 Aug 2014	43,332	26,919	10,833	81,084
Additions	138,839	62,710	20,681	222,230
At 31 Jan 2015	182,171	89,629	31,514	303,314
<b>NBV as at 31 Jan 2015</b>	<b>337,986</b>	<b>230,729</b>	<b>31,296</b>	<b>600,011</b>

**B9 Other debtors**

	<b>UNAUDITED</b> <b>31 Jan 2015</b> <b>RM</b>	<b>UNAUDITED</b> <b>31 Jan 2014</b> <b>RM</b>
Profit receivable from fixed deposits	477,017	-
Profit receivable from fixed deposits under custoduan	2,125,675	-
Others	5,969	-
	<u>2,608,661</u>	<u>-</u>

**B10 Cash and bank balances**

	<b>UNAUDITED</b> <b>31 Jan 2015</b> <b>RM</b>	<b>UNAUDITED</b> <b>31 Jan 2014</b> <b>RM</b>
Cash in hand and at bank	34,679	2,543,376
Deposit with licensed Islamic bank in Malaysia	35,432,622	3,045,781
Deposit with licensed Islamic bank in Malaysia under trust	720,077,310	-
	<u>755,544,611</u>	<u>5,589,157</u>

The remaining days to maturity and effective interest rate for the fixed deposits with licensed bank as at 31 January 2015 for Company ranges for 7 to 60 days and 3.20% to 4.07% per annum.

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 QA 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 be accrued to the Islamic Trust Account. In the event the Company fails to complete a Qualifying Acquisition within the permitted time frame, 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 holders of the basis as soon as practicable in accordance with the provisions of the Act and other applicable laws and regulation.

The remaining of 5.25% of the total gross proceeds raised from the IPO is for working capital purposes.

**B11 Other Payables & Accruals**

	<b>UNAUDITED</b> <b>31 Jan 2015</b> <b>RM</b>	<b>UNAUDITED</b> <b>31 Jan 2014</b> <b>RM</b>
Other Creditors	30,747	1,118,018
Accrual	900,815	1,131,108
	<u>931,562</u>	<u>2,249,126</u>

B12 Share capital

	Number of ordinary shares		Amount	
	31 Jan 2015	31 Jan 2014	31 Jan 2015 RM	31 Jan 2014 RM
Authorised:-				
<b>At Jul 2014/2013</b>	2,490,000,000	100,000	24,900,000	100,000
Issuance of ordinary shares	2,500,000,000	2,489,900,000	25,000,000	24,800,000
Redeemable Convertible Preference Shares ("RPCS")	<u>10,000,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
<b>At 31 Jan 2015/2014</b>	<u><u>5,000,000,000</u></u>	<u><u>2,490,000,000</u></u>	<u><u>50,000,000</u></u>	<u><u>24,900,000</u></u>
Issued and fully paid:-				
<b>At Jul 2014/2013</b>	113,600,000	-	1,136,000	-
Issuance of ordinary shares	1,142,000,000*	113,600,000	11,420,000	1,136,000
Redeemable Convertible Preference Shares ("RPCS")	<u>22,222,225**</u>	<u>-</u>	<u>222,222</u>	<u>-</u>
<b>At 31 Jan 2015/2014</b>	<u><u>1,277,822,225</u></u>	<u><u>113,600,000</u></u>	<u><u>12,778,222</u></u>	<u><u>1,136,000</u></u>

\* On 20 June 2014, pursuant to the subscription agreement dated 5 February 2014 between the Company and its holding company, Reach Energy Holdings Sdn. Bhd., the Company further increased its issued and paid-up ordinary share capital from RM1,136,002 to RM15,194,002 by the issuance of 142,000,000 ordinary shares of RM0.01 each at an issue price of RM0.099 per ordinary share together with 142,000,000 free detachable warrants for a cash consideration of RM14,058,000 for working capital purposes.

On 15 August 2014, the Company have made available of 1,000,000,000 Public Issue Shares together with 1,000,000,000 Warrants representing approximately 78.26% of enlarged of issued and paid-up ordinary share capital at the issue price of RM0.75.

\*\* On 8 July 2014, the initial investor converted a total of 666,667 RCPS held into 6,666,670 new Shares together with 6,666,670 Warrants. This together with subscription of 15,555,555 new Shares together with 15,555,555 Warrants at subscription price RM0.45 per Shares pursuant to Subscription by the initial investor resulted in the initial investor holding a total of 22,222,225 Shares together with 22,222,225 Warrants.

### B13 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:-

	<b>UNAUDITED 31 Jan 2015 RM</b>	<b>UNAUDITED 31 Jan 2014 RM</b>
At 1 Aug 2014/ 2013	1,908,480	1,908,480
Issuance of ordinary shares during the period*	26,808,600	-
Conversion of RPCS	6,928,890	-
Share issuance expenses	(22,650,000)	-
As at 31 Jan 2014/ 31 July 2014	<u>12,995,970</u>	<u>1,908,480</u>

* Issuance of ordinary share	Number of shares	Fair Value RM	Total RM
26 June 2014	142,000,000	0.0608	8,633,600
15 August 2014	1,000,000,000	0.0182	18,175,000
			<u>26,808,600</u>

### B14 Share-base payment reserve

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

	<b>UNAUDITED 31 Jan 2015 RM</b>	<b>UNAUDITED 31 Jan 2014 RM</b>
At 31 Dec 2014/ 1 Aug 2014	85,068	12,153
Share-base payment reserve	174,673	72,915
As at 31 Jan 2015/ 31 Jul 2014	<u>259,741</u>	<u>85,068</u>

### B15 Warrant Reserves

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

	<b>UNAUDITED 31 Jan 2015 RM</b>	<b>UNAUDITED 31 Jan 2014 RM</b>
At 31 Dec 2014/ 1 Aug 2014	2,067,520	2,067,520
Created during the year/period*	15,204,400	-
Conversion of RCPS	2,848,888	-
As at 31 Jan 2015/ 31 Jul 2014	<u>20,120,808</u>	<u>2,067,520</u>

* Issuance of warrant reserves	Number of shares	Fair Value RM	Total RM
26 June 2014	142,000,000	0.0282	4,004,400
15 August 2014	1,000,000,000	0.0112	11,200,000
			<u>15,204,400</u>

**B15 Warrant Reserves... continued**

The fair value of Warrants was estimated using the Bloomberg Trinomial Lattice Model based on the same key assumptions.

The fair value of Warrants on the date of IPO was estimated to be RM0.2137 each.

The amount allocated to each component instruments are as follow:

	Note	2014	
		IPO	Initial investor
		15-Aug-14 RM	26-Jun-14 RM
Share capital	(a)	0.0100	0.0100
Share premium	(b)	0.0182	0.0608
Warrant reserve	(c)	<u>0.0112</u>	<u>0.0282</u>
		0.0394	0.0990
Financial liability component of Public Issue Shares	(d)	<u>0.7106</u>	
		<u>0.7500</u>	

- (a) The amount allocated to share capital was derived based on the par value of ordinary share.
- (b) The amount allocated to share premium was derived based on 5.25% of the IPO share price of RM0.75 each less amount allocated to the Warrant component.
- (c) The amount allocated to Warrant reserve was derived based on 5.25% of the fair value of Warrants on the date of IPO of RM0.2137 each
- (d) The amount allocated to financial liability component of the Public Issue Shares was derived based on 94.75% of the IPO share price of RM0.75 each.

**B16 Financial liability component of the public issue shares**

	<b>UNAUDITED</b> <b>31 Jan 2015</b> <b>RM</b>	<b>UNAUDITED</b> <b>31 Jan 2014</b> <b>RM</b>
94.75% of IPO funds	710,625,000	-
Finance income for financial liability component	<u>11,577,985</u>	<u>-</u>
Financial liability component	<u><u>722,202,985</u></u>	<u><u>-</u></u>

At the reporting date, the financial liability component is secured against the monies in the custodian trust account as disclosed in **Note B10** above. The maturity of the Financial Liability Component of the Public Issue Shares ("FLC") is three years from the IPO date.

The Equity Guidelines requires inter alia the following:

- i the Company must place at least 90% of the gross proceeds from its IPO in a custodian trust account immediately upon receipt of all proceeds ("IPO Custodian Trust Proceeds"). The monies in the custodian trust account may only be released by the custodian upon termination of the custodian trust account;
- ii the proceeds in the custodian trust account may be invested in permitted investments. Any income generated by the funds held in the custodian trust account, including interest/dividend income derived from the permitted investments, must accrue to the custodian trust account;
- iii the balance of the proceeds from the IPO, being 10% of the proceeds, may be utilised to defray expenses related to the IPO and for working capital purposes including but not limited to financing day-to-day administrative and operating expenses which include office rental and expenses associated with the qualifying acquisition; and
- iv in the event the Company fails to complete a qualifying acquisition within the permitted time frame, it 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 initial investors on a prorata basis as soon as practicable, as permissible by the relevant laws and regulations ("Liquidation Distribution"). Reach Energy Holdings Sdn. Bhd. and initial investors may not participate in the Liquidation Distribution, except in relation to Shares purchased by them after the date of listing of the Company on the Bursa Securities.

Consequently, the IPO shares is a compound financial instrument with a financial liability and equity component in accordance with MFRS 132 Financial Instruments: Presentation and FRSIC Consensus 20 Classification of the IPO Investor Securities of a Special Purpose Acquisition Company. The financial liability component being the fair value of the 90% of the gross proceeds represents the Company's obligation to refund the IPO Custodian Trust Proceeds held in the custodian trust account to the IPO investors in the event the Company fails to complete a qualifying acquisition within the permitted time frame.

**B17 Accumulated losses**

The breakdown of the accumulated losses of the Company as at 31 January and 31 July 2014 into realised losses and unrealised profits, pursuant to the directive by Bursa Malaysia Securities Berhad is as follows:

	<b>UNAUDITED 31 Jan 2015 RM</b>	<b>UNAUDITED 31 Jan 2014 RM</b>
Realised losses	(12,737,173)	(4,647,849)
Unrealised losses	-	-
	<u>(12,737,173)</u>	<u>(4,647,849)</u>

BY ORDER OF THE BOARD  
CHIN NGEOK MUI (MAICSA 7003178)  
CHEN BEE LING (MAICSA 7046517)

COMPANY SECRETARIES

24 MARCH 2015