



REACH ENERGY

(Company No. 1034400-D)

(Incorporated in Malaysia)

REPORT ON UNAUDITED FINANCIAL FOR THE SECOND HALF YEAR PERIOD 31 JULY 2015

("Interim Financial Statements")

(THE FIGURES HAVE NOT BEEN AUDITED)

REACH ENERGY BERHAD
(Company No. 1034400-D)
(Incorporated to Malaysia)
UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JULY 2015

	Note	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
		Unaudited current 2nd half year period to 31 Jul 2015 RM	Audited preceding corresponding 2nd half year period to 31 Jul 2014 RM	Unaudited 12 months to 31 Jul 2015 RM	Audited 12 months to 31 Jul 2014 RM
Finance income		15,289,688	264,452	27,598,052	331,228
Operating expenses	B1	(4,115,488)	(26,045,013)	(7,347,661)	(28,627,822)
Finance Costs		(14,620,855)	-	(26,198,839)	-
Loss before taxation		(3,446,655)	(25,780,560)	(5,948,449)	(28,296,594)
Income tax expenses	B6	(2,691,086)	(80,817)	(5,030,093)	(80,817)
Net loss for the period/year, representing total comprehensive expenses for the period/year		(6,137,741)	(25,861,377)	(10,978,542)	(28,377,411)
Loss after taxation attributable to :					
Owners of the Company		(6,137,741)	(25,861,377)	(10,978,542)	(28,377,411)
Total comprehensive loss for the period attributable to :					
Owners of the Company		(6,137,741)	(25,861,377)	(10,978,542)	(28,377,411)
Loss for the period comprise the following:					
Realised		(6,137,741)	(25,861,377)	(10,978,542)	(28,377,411)
Unrealised		-	-	-	-
Basic loss per ordinary share (sen):	B7	(0.005)	(0.397)	(0.009)	(0.435)
Diluted loss per ordinary share (sen):		-	-	-	-

REACH ENERGY BERHAD
(Company No. 1034400-D)
(Incorporated to Malaysia)
UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

	Notes	Unaudited As at 31 Jul 2015 RM	Audited As at 31 Jul 2014 RM
Non-current assets			
Property, plant and equipment	B8	415,646	132,066
Current assets			
Deposits and prepayments		178,084	119,759
Other debtors	B9	1,612,867	-
Cash and bank balances	B10	767,280,683	23,177,525
Total current assets		769,071,633	23,297,284
Total assets		769,487,279	23,429,350
Capital employed:			
Equity and Liabilities			
Share Capital	B11	12,778,224	2,778,224
Share premium	B12	12,995,970	17,470,970
Share based payment reserves	B13	368,324	151,157
Warrant reserves	B14	20,120,808	8,920,808
Accumulated losses		<u>(18,874,914)</u>	<u>(30,546,371)</u>
Equity attributable to the owners of the company		27,388,412	(1,225,212)
Current liabilities			
Other payables and accruals	B15	228,772	24,573,745
Current Tax Liabilities		5,046,256	80,817
Total current liabilities		5,275,028	24,654,562
Financial Liabilities Component of The Public Issue Shares		<u>736,823,839</u>	-
Total equity and liabilities		769,487,279	23,429,350

REACH ENERGY BERHAD
(Company No. 1034400-D)
(Incorporated to Malaysia)
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JULY 2015

	Unaudited Current Period Ended 31 Jul 2015 RM	Audited Preceding Period Ended 31 July 2014 RM
Cash flows from operating activities		
Loss before taxation	(5,948,449)	(28,296,594)
<i>Adjustments for:-</i>		
Gain on sale of property, plant and equipment	(6,047)	-
Depreciation of property, plant and equipment	332,245	102,460
Finance income	(27,598,052)	(331,228)
Share-based payment charge	217,166	139,005
Operating loss before working capital changes	<u>(33,003,136)</u>	<u>(28,386,357)</u>
Changes in working capital:		
Increase in deposits and prepayment	(58,325)	(74,750)
Increase in other debtors	(1,612,867)	-
Decrease in other trade payables and accruals	<u>(1,444,976)</u>	<u>23,528,408</u>
Cash used in operations	<u>(36,119,303)</u>	<u>(4,932,699)</u>
Finance income received	27,538,070	331,228
Income tax paid	<u>(64,653)</u>	<u>-</u>
Net cash used in operating activities	<u>(8,645,886)</u>	<u>(4,601,471)</u>
Cash flows from investing activities		
Placement of deposits with licensed Islamic banks which are restricted in use	(735,278,554)	-
Profit/finance income received from deposit which are restricted in use	26,258,821	-
Acquisition of property, plant and equipment	(659,778)	(28,596)
Proceeds from sale of property, plant and equipment	<u>50,000</u>	<u>-</u>
Net cash used in investing activities	<u>(709,629,511)</u>	<u>(28,596)</u>
Cash flows from financing activities		
Proceeds of issuance of share to public investors through IPO	750,000,000	-
Payment of listing expenses	(22,900,000)	-
Proceeds of issuance of ordinary share capital	-	14,058,000
Proceeds of issuance of RCPS	<u>-</u>	<u>6,999,999</u>
Net cash from financing activities	<u>727,100,000</u>	<u>21,057,999</u>
Net increase in cash and cash equivalents	<u>8,824,603</u>	<u>16,427,932</u>
Cash and cash equivalents brought forward	<u>23,177,525</u>	<u>6,749,593</u>
Cash and cash equivalents carried forward	<u>32,002,128</u>	<u>23,177,525</u>
The cash and cash equivalents comprise:		
Cash on hand		
Current account	34,547	1,743,666
Deposit with licensed Islamic Bank	767,244,906	21,433,208
Petty Cash	1,229	651
Total Cash and Bank Balances	<u>767,280,683</u>	<u>23,177,525</u>
Less: Deposit with licensed banks which are restricted in use	<u>(735,278,554)</u>	<u>-</u>
	<u>32,002,128</u>	<u>23,177,525</u>

REACH ENERGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JULY 2015

	-----Attributable to owner of the Company-----					Total RM
	<-----Non-distributable----->			<-----Distributable----->		
	Share capital	Share Premium RM	Warrant Reserves RM	Share-based Payment Reserves 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	-	-	-	-	(28,377,411)	(28,377,411)
Issuance of ordinary shares	1,420,000	8,633,600	4,004,400	-	-	14,058,000
Conversion of RPCS	222,222	6,928,890	2,848,888	-	-	10,000,000
Share-based payment transaction	-	-	-	139,005	-	139,005
At 31 July 2014	2,778,224	17,470,970	8,920,808	151,158	(30,546,372)	(1,225,212)
Loss/total comprehensive expense for the year	-	-	-	-	(10,978,542)	(10,978,542)
Issuance of ordinary shares	10,000,000	18,175,000	11,200,000	-	-	39,375,000
Share-based payment transaction	-	-	-	217,166	-	217,166
Share issuance costs	-	(22,650,000)	-	-	22,650,000	-
At 31 July 2015	12,778,224	12,995,970	20,120,808	368,324	(18,874,914)	27,388,412

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 ("MASB") and Paragraph 9.22 of the Main Market Listing Requirement ("MMLR") of 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 Purpose Acquisition 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 RM212,569 (31 July 2015: RM24,834,801). Out of which, RM22,650,000 was reclassified to offset against the share premium account.

A6 Material changes in estimates

There were no significant changes in estimates that have material effect on the current financial period 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 period ended 31 July 2015.

A8 Dividend paid

There was no dividend declared or paid during the current financial period ended 31 July 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

	Unaudited	Audited
	31 Jul 2015	31 Jul 2014
	RM	RM
Less than one year	127,435	382,861
Between one and five years	152,922	303,527
	<u>280,357</u>	<u>686,388</u>

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

B1 Review of Results

For 2nd half year period ended 31 July 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 July 2015, the Company's sources of income are mainly derived from profit earned from fixed deposits amounting to RM27,598,052 (2014: RM331,228). The major expenses were remuneration of management team, finance costs, travelling, listing expenses and share-based payment reserves denoted as follows:-

	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
	Unaudited current 2nd half year period to 31 Jul 2015	Audited preceding corresponding 2nd half year period to 31 Jul 2014	Unaudited 12 months to 31 Jul 2015	Audited 12 months to 31 Jul 2014
	RM	RM	RM	RM
Salaries & Wages				
Management Team	1,463,120	1,182,573	2,745,722	2,600,493
Others	1,227,826	140,885	2,045,166	227,238
Qualifying Acquisition expenses	530,808	-	556,691	-
Office Rental & Maintenance	174,937	72,747	358,918	121,980
Travelling	104,027	167,697	257,618	215,012
Listing expenses	14,779	24,024,339	212,569	24,834,801
Share-Based Payment Reserves	108,583	66,089	217,166	139,005
Professional fees	134,848	-	211,783	-
Depreciation	162,337	52,322	332,245	102,459
Corporate Communication Audit, Accountancy, Secretarial & Tax	68,522	103,149	147,736	120,413
General Office Expenses	13,623	89,138	39,460	91,751
Others	45,934	83,885	99,852	106,442
	66,143	62,191	122,734	68,228
Operating expenses	<u>4,115,488</u>	<u>26,045,013</u>	<u>7,347,661</u>	<u>28,627,822</u>
Finance cost	<u>14,620,855</u>	<u>-</u>	<u>26,198,839</u>	<u>-</u>

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

The expenses incurred with regards to QA primarily comprises fees for technical assessment of assets during the financial period.

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

In the 2nd year period ended 31 July 2015, the Company recorded a loss before tax of RM5,948,449 compared to RM28,296,594 in the preceding 12 months financial year. The main difference is due to finance income received from fixed deposit placement.

B3 Prospects

The Company continues to actively seek control on attractive development and production assets as QA. As at the date of this report, the Company has identified and is pursuing several attractive opportunities.

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 period ended 31 July 2015.

B6 Income Tax Expense

	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
	Unaudited current 2nd half year period to 31 Jul 2015 RM	Audited preceding corresponding 2nd half year period to 31 Jul 2014 RM	Unaudited 12 months to 31 Jul 2015 RM	Audited 12 months to 31 Jul 2014 RM
Current tax expense	(2,691,086)	(80,817)	(5,030,093)	(80,817)

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 as at 31 July 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 12 MONTHS	
	Unaudited current 2nd half year period to 31 Jul 2015 RM	Audited preceding corresponding 2nd half year period to 31 Jul 2014 RM	Unaudited 12 months to 31 Jul 2015 RM	Audited 12 months to 31 Jul 2014 RM
Loss attributable to ordinary shareholders	(6,137,741)	(25,861,377)	(10,978,542)	(28,377,411)
Weighted average number of ordinary shares	1,214,504,110	65,185,600	1,214,504,110	65,185,600
Basic loss per ordinary share	(0.005)	(0.397)	(0.009)	(0.435)

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	-	28,596	-	28,596
At 31 Jul 2014	<u>104,100</u>	<u>135,373</u>	<u>26,000</u>	<u>265,473</u>
<i>Accumulated Depreciation</i>				
At 1 Aug 2013	17,285	9,329	4,333	30,947
Charge for the period	52,092	37,365	13,003	102,460
At 31 Jul 2014	<u>69,377</u>	<u>46,694</u>	<u>17,336</u>	<u>133,407</u>
NBV as at 31 Jul 2014	<u><u>34,723</u></u>	<u><u>88,679</u></u>	<u><u>8,664</u></u>	<u><u>132,066</u></u>
<i>At cost</i>				
At 1 Aug 2014	104,100	135,373	26,000	265,473
Additions	398,657	224,311	36,810	659,778
Disposal	(104,100)	(107,519)	-	(211,619)
At 31 Jul 2015	<u>398,657</u>	<u>252,165</u>	<u>62,810</u>	<u>713,632</u>
<i>Accumulated Depreciation</i>				
At 1 Aug 2014	69,377	46,694	17,336	133,407
Additions	220,920	85,776	25,548	332,244
Disposal	(104,100)	(63,566)	-	(167,666)
At 31 Jul 2015	<u>186,197</u>	<u>68,905</u>	<u>42,884</u>	<u>297,986</u>
NBV as at 31 Jul 2015	<u><u>212,460</u></u>	<u><u>183,260</u></u>	<u><u>19,926</u></u>	<u><u>415,646</u></u>

B9 Other debtors

	Unaudited 31 Jul 2015 RM	Audited 31 Jul 2014 RM
Profit receivable from fixed deposits	59,981	-
Profit receivable from fixed deposits under Financial Liabilities Component of the Public Issue Shares	1,515,054	-
Other debtors	<u>37,831</u>	-
	<u><u>1,612,867</u></u>	<u><u>-</u></u>

B10 Cash and bank balances

	Unaudited 31 Jul 2015 RM	Audited 31 Jul 2014 RM
Cash in hand and at bank	35,776	557,532
Deposit with licensed Islamic bank in Malaysia	31,966,352	22,619,993
Deposit with licensed Islamic bank in Malaysia under trust	735,278,554	-
	<u>767,280,683</u>	<u>23,177,525</u>

The remaining days to maturity and effective profit rate for the fixed deposits with licensed bank as at 31 July 2015 for Company ranges for 7 to 180 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 QA or termination of the Islamic Trust Account.

The proceeds in the Islamic Trust Account have been invested in permitted investments which are 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 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 shareholders on a prorata basis as soon as practicable in accordance with the provisions of the Act and other applicable laws and regulation.

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

B11 Share capital

	Number of ordinary shares		Amount	
	31 Jul 2015	31 Jul 2014	31 Jul 2015 RM	31 Jul 2014 RM
Authorised:-				
At Jul 2014/2013	5,000,000,000	2,490,000,000	50,000,000	24,900,000
Issuance of				
ordinary shares	-	2,500,000,000	-	25,000,000
Redeemable				
Convertible				
Preference				
Shares ("RCPS")	-	10,000,000	-	100,000
At 31 Jul 2015/2014	<u>5,000,000,000</u>	<u>5,000,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
Issued and fully paid:-				
At Jul 2014/2013	277,822,425	113,600,200	2,778,224	1,136,002
Issuance of				
ordinary shares	1,000,000,000***	142,000,000*	10,000,000	1,420,000
Redeemable				
Convertible				
Preference Shares				
("RCPS")	-	22,222,225**	-	222,222
At 31 Jul 2015/2014	<u>1,277,822,425</u>	<u>277,822,425</u>	<u>12,778,224</u>	<u>2,778,224</u>

B11 Share capital...continued

* On 20 June 2014, pursuant to the subscription agreement dated 5 February 2014 between the Company and 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 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 of RM0.45 per share 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.

*** On 15 August 2014, the Company has made available 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.

B12 Share premium

Share premium is comprised of 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 Jul 2015 RM	Audited 31 Jul 2014 RM
At 1 Aug 2014/2013	17,470,970	1,908,480
Issuance of ordinary shares during the period	18,175,000	8,633,600
Conversion of RCPS	-	6,928,890
Share issuance expenses	<u>(22,650,000)</u>	<u>-</u>
As at 31 Jul 2015/ 31 Jul 2014	<u>12,995,970</u>	<u>17,470,970</u>

B13 Share-based payment reserves

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

	Unaudited 31 Jul 2015 RM	Audited 31 Jul 2014 RM
At 1 Aug 2014/2013	151,158	12,153
Share-based payment reserves	<u>217,166</u>	<u>139,005</u>
As at 31 Jul 2015/ 31 Jul 2014	<u>368,324</u>	<u>151,158</u>

B14 Warrant Reserves

The movements in the warrant reserves of the Company are as follow:-

	Unaudited 31 Jul 2015 RM	Audited 31 Jul 2014 RM
At 1 Aug 2014/2013	8,920,808	2,067,520
Created during the year/period	11,200,000	4,004,400
Conversion of RCPS	-	2,848,888
	<u>20,120,808</u>	<u>8,920,808</u>
As at 31 Jul 2015/ 31 Jul 2014	<u>20,120,808</u>	<u>8,920,808</u>

The fair value of the warrants was estimated using the Bloomberg Trinomial Lattice Model based on the following key assumptions:

i) Initial Public Offering ("IPO") share price	RM0.75 per share
ii) Exercise price	RM0.75 per warrant
iii) Tenure of the warrant	8 years
iv) Risk free rate	4.031%
v) Expected dividend yield	0%
vi) Expected share price volatility	34.114%

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	2015 IPO RM	2014 Tranche 2 RM	2013 Tranche 1 RM
Share capital		0.0100	0.0100	0.0100
Share premium	(a)	0.0182	0.0608	0.0168
Warrant reserves	(b)	<u>0.0112</u>	<u>0.0282</u>	<u>0.0182</u>
	(c)	0.0394	0.0990	0.0450
Financial liability component of Public Issue Shares		<u>0.7106</u>		
	(d)	<u>0.7500</u>		

- (a) The amount allocated to share capital was derived from the par value of ordinary share.
- (b) The amount allocated to share premium was derived from 5.25% of the IPO share price of RM0.75 each less amount allocated to the warrant component.
- (c) The amount allocated to warrant reserves was derived from 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 from 94.75% of the IPO share price of RM0.75 each.

B15 Other Payables & Accruals

	Unaudited 31 Jul 2015 RM	Audited 31 Jul 2014 RM
Other Creditors	-	636,452
Accrual	<u>228,772</u>	<u>23,937,293</u>
	<u>228,772</u>	<u>24,573,745</u>

B16 Financial Liability Component ("FLC") of the public issue shares

	Unaudited 31 Jul 2015 RM	Audited 31 Jul 2014 RM
94.75% of IPO funds	710,625,000	-
Finance income	<u>26,198,839</u>	<u>-</u>
Financial liability component	<u><u>736,823,839</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 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 Bursa Securities.

B17 Accumulated losses

The breakdown of the accumulated losses of the Company as at 31 July 2015 and 31 July 2014 into realised losses and unrealised profits, pursuant to the directive by Bursa Securities is as follows:

	Unaudited 31 Jul 2015 RM	Audited 31 Jul 2014 RM
Realised losses	(10,978,542)	(28,377,411)
Unrealised losses	-	-
	<u>(10,978,542)</u>	<u>(28,377,411)</u>

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

COMPANY SECRETARIES

9 SEPTEMBER 2015



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

	Note	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
Finance income		12,308,364	66,776	12,308,364	66,776
Operating expenses		14,810,158	2,545,664	14,810,158	2,545,664
Loss before taxation		(2,501,794)	(2,478,888)	(2,501,794)	(2,478,888)
Income tax expenses	B6	(2,339,007)	-	(2,339,007)	-
Net loss for the period/year, representing total comprehensive expenses for the period/year		(4,840,801)	(2,478,888)	(4,840,801)	(2,478,888)
Loss after taxation attributable to :					
Owners of the Company		(4,840,801)	(2,478,888)	(4,840,801)	(2,478,888)
Loss comprehensive expenses attributable to :					
Owners of the Company		(4,840,801)	(2,478,888)	(4,840,801)	(2,478,888)
Loss for the period comprise the following:					
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)
(Incorporated in Malaysia)

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
Non-current assets			
Property, plant and equipment	B8	600,011	171,911
Current assets			
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>
Current liabilities			
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>
Net current assets		755,020,543	377,310
Total assets		<u>755,620,554</u>	<u>549,221</u>
Equity and Liabilities			
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>755,620,554</u>	<u>549,221</u>

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

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

	Unaudited Current Period Ended 31 Jan 2015 RM	Unaudited Preceding Period Ended 31 Jan 2014 RM
Cash flows from operating activities		
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	(2,953,682)	(2,422,612)
Changes in working capital:		
Increase in deposits and prepayment	(98,898)	7,729
Increase in other debtors	(5,969)	-
Decrease in trade payables	(1,020,767)	1,203,788
Cash used in operations	(4,079,317)	(1,211,094)
Finance income received	253,363	66,776
Net cash used in operating activities	(3,825,954)	(1,144,318)
Cash flows from investing activities		
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	(637,852)	(16,118)
Net cash used in investing activities	(711,262,852)	(16,118)
Cash flows from financing activities		
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	-	-
Net cash from financing activities	727,378,582	-
Net increase in cash and cash equivalents	12,289,776	(1,160,436)
Cash and cash equivalents brought forward	23,177,525	6,749,593
Cash and cash equivalents carried forward	35,467,301	5,589,157
The cash and cash equivalents comprise:		
Cash on hand		
Current account	34,679	2,543,373
Deposit with licensed Islamic Bank	755,509,931	3,045,781
Total Cash and Bank Balances	755,544,611	5,589,157
Less: Deposit with licensed banks which are restricted in use	(720,077,310)	-
	35,467,301	5,589,157

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

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
At 31 Jan 2014	1,136,002	1,908,480	2,067,520	85,068	(4,647,849)	549,221
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	-
At 31 January 2015	12,778,224	12,995,970	20,120,808	259,741	(12,737,173)	33,417,570

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 place 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

	UNAUDITED 31 Jan 2015	UNAUDITED 31 Jan 2014
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)	-
Reconciliation of tax expense				
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
NBV as at 31 Jan 2014	60,768	108,454	15,167	171,911
<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
NBV as at 31 Jan 2015	337,986	230,729	31,296	600,011

B9 Other debtors

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

B10 Cash and bank balances

	UNAUDITED 31 Jan 2015	UNAUDITED 31 Jan 2014
	RM	RM
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

	UNAUDITED 31 Jan 2015	UNAUDITED 31 Jan 2014
	RM	RM
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:-				
At Jul 2014/2013	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>
At 31 Jan 2015/2014	<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:-				
At Jul 2014/2013	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>
At 31 Jan 2015/2014	<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:-

	UNAUDITED 31 Jan 2015 RM	UNAUDITED 31 Jan 2014 RM
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	<u>(22,650,000)</u>	<u>-</u>
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	<u>18,175,000</u>
				<u>26,808,600</u>

B14 Share-base payment reserve

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

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

	UNAUDITED 31 Jan 2015 RM	UNAUDITED 31 Jan 2014 RM
At 31 Dec 2014/ 1 Aug 2014	2,067,520	2,067,520
Created during the year/period*	15,204,400	-
Conversion of RCPS	<u>2,848,888</u>	<u>-</u>
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	<u>11,200,000</u>
				<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 15-Aug-14 RM	Initial investor 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><u>0.7500</u></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

	UNAUDITED 31 Jan 2015 RM	UNAUDITED 31 Jan 2014 RM
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:

	UNAUDITED 31 Jan 2015 RM	UNAUDITED 31 Jan 2014 RM
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