

Registration No.

201301004557 (1034400-D)

**REACH ENERGY BERHAD**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

Registration No.

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**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

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**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is that of investment holding. The Group is principally engaged in the explorations, development, production and sale of crude oil and other petroleum products.

The principal activities of subsidiaries are set out in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

**FINANCIAL RESULTS**

	<u>Group</u> RM'000	<u>Company</u> RM'000
Loss for the financial year attributable to:		
- Owners of the Company	(192,026)	(188,592)
- Non-controlling interests	(104,638)	-
Loss for the financial year	<u>(296,664)</u>	<u>(188,592)</u>

**RESERVES AND PROVISIONS**

All material transfers to or from reserves and provisions during the financial year are as disclosed in the financial statements.

**ISSUE OF SHARES AND DEBENTURES**

There were no issues of shares or debentures during the financial year.

**DIRECTORS**

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Dr. Azmil Khalili Bin Dato' Khalid  
Yusoff Bin Hassan  
Chow Hiu Tung  
Tse Man Yin  
Yau Shu Shan  
Cheung Hung

(Resigned on 10 February 2025)

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report are similar to those disclosed above.

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**LIST OF DIRECTORS OF SUBSIDIARIES**

Pursuant to Section 253 of the Act, the Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year and during the period from the end of the financial year to the date of the report is:

Li Chang

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company, its subsidiaries or any related corporations during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2025	Bought	Sold	At 31.12.2025
<u>Interest in the Company</u>				
Tan Sri Dr. Azmil Khalili Bin				
Dato' Khalid	56,642,910	-	-	56,642,910
Yusoff Bin Hassan	50,000	-	-	50,000
<u>Deemed interest/Indirect interest in the Company</u>				
Tan Sri Dr. Azmil Khalili Bin				
Dato' Khalid				
- ordinary shares	43,150,000*	-	-	43,150,000*

\* Indirect interest by virtue of the interest of his spouse, Puan Sri Nik Fuziah Binti Tan Sri Dr. Nik Hussein, pursuant to Section 59(11)(c) of the Companies Act 2016, and deemed/indirect interest by virtue of his interest in Azimah Properties Sdn. Bhd., pursuant to Section 8 of the Companies Act, 2016.

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**DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)**

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in the shares in the Company or in its related corporations during the financial year.

**DIVIDENDS**

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2025.

**DIRECTORS' REMUNERATION**

The aggregate amount of emoluments receivable by Directors during the financial year was as follows:

	<u>Group</u> RM'000	<u>Company</u> RM'000
Executive Director:		
- Salaries and bonuses	60	60
Non-executive Directors:		
- Fees	239	239
- Allowances	56	56
	<u>355</u>	<u>355</u>

**INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS**

During the financial year, no indemnities were given to, nor insurance effected for, the Directors and Officers of the Group and of the Company.

**OTHER STATUTORY INFORMATION**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

- (b) At the date of this report, the Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the additional amount of the provision for doubtful debts inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report:
  - (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
  - (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.
- (d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors, other than as disclosed in the financial statements:
  - (i) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the year in which this report is made.

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DIRECTORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

SUBSIDIARIES

Details of subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Group's effective equity interest</u>		<u>Country of Incorporation and place of business</u>	<u>Principal activities</u>
	<u>2025</u> %	<u>2024</u> %		
Reach Energy Ventures Sdn. Bhd.	100	100	Malaysia	Investment holding company
<u>Subsidiary held through Reach Energy Ventures Sdn. Bhd.</u>				
Palaeontol B.V.	60	60	Netherlands	Investment holding company
<u>Subsidiary held through Palaeontol B.V.</u>				
Emir-Oil LLP	60	60	Republic of Kazakhstan	Exploration, development, production and sale of crude oil and other petroleum products

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DIRECTORS' REPORT  
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AUDITORS' REMUNERATION

Auditors' remuneration for the financial year ended 31 December 2025 for the Group and the Company is as follows:

	<u>Group</u> RM'000	<u>Company</u> RM'000
Audit fees		
- Crowe Malaysia PLT	270	235
- Member firm of Crowe Global	277	-
	<u>547</u>	<u>235</u>

AUDITORS

The auditors, Crowe Malaysia PLT (LLP0018817-LCA & AF1018), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 29 May 2026.

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DIRECTORS' REPORT  
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Signed on behalf of the Board of Directors:

TSE MAN YIN  
DIRECTOR

TAN SRI DR. AZMIL KHALILI BIN DATO' KHALID  
DIRECTOR

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**REACH ENERGY BERHAD**  
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**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	6	135,449	207,829	-	-
Operating expenses					
Taxes other than income taxes	7	(36,408)	(61,013)	-	-
Purchases, services and other costs of operation		(27,013)	(34,274)	-	-
Depreciation and amortisation		(49,208)	(54,227)	(123)	(174)
Net (additional)/reversal on impairment of non-financial assets		(196,129)	32,141	-	-
Write-off of property, plant and equipment		(2,694)	(1,099)	-	-
Impairment of investment in subsidiaries	15	-	-	(85,140)	-
Impairment of amount due from subsidiaries	23	-	-	(78,612)	-
Distribution expenses		(18,237)	(27,303)	-	-
Employee compensation costs	8	(15,161)	(16,296)	(1,291)	(1,427)
General and administrative expenses		(4,515)	(11,213)	(777)	(1,629)
Reversal/(Additional) provision for claims	32	1,653	(10,832)	-	-
Net (additional)/reversal on impairment of financial assets	11	(255)	848	-	-
Other operating (expense)/income	9	(3,650)	3,779	(6)	(29)
Total operating expenses		(351,617)	(179,489)	(165,949)	(3,259)
(Loss)/Profit from operations		(216,168)	28,340	(165,949)	(3,259)
Share of result of a joint venture	16	5,872	3,903	-	-
Finance income	10	12,062	25,111	9,400	327
Finance cost	10	(99,508)	(62,827)	(32,043)	(10,324)
Loss before tax	11	(297,742)	(5,473)	(188,592)	(13,256)
Taxation	13	1,078	(14,284)	-	-
Loss for the financial year		(296,664)	(19,757)	(188,592)	(13,256)
Loss attributable to:					
Owners of the Company		(192,026)	(18,113)	(188,592)	(13,256)
Non-controlling interests		(104,638)	(1,644)	-	-
Loss for the financial year		(296,664)	(19,757)	(188,592)	(13,256)
Basic loss per ordinary share (RM)	14	(0.090)	(0.009)		
Diluted loss per ordinary share (RM)	14	(0.090)	(0.009)		

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STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2025</u> RM'000	<u>2024</u> RM'000	<u>2025</u> RM'000	<u>2024</u> RM'000
Loss for the financial year		(296,664)	(19,757)	(188,592)	(13,256)
Other comprehensive income, net of tax					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences		17,425	1,497	-	-
Total comprehensive expense for the financial year		<u>(279,239)</u>	<u>(18,260)</u>	<u>(188,592)</u>	<u>(13,256)</u>
Total comprehensive expense attributable to:					
Owners of the Company		(181,569)	(17,215)	(188,592)	(13,256)
Non-controlling interests		(97,670)	(1,045)	-	-
Total comprehensive expense for the financial year		<u>(279,239)</u>	<u>(18,260)</u>	<u>(188,592)</u>	<u>(13,256)</u>

The notes set out on pages 20 to 86 form an integral part of these financial statements.

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**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	17	478,160	808,407	27	10
Right of use of assets	18	2,640	3,206	75	116
Intangible assets	19	5,126	5,725	-	-
Investment in subsidiaries	15	-	-	152,860	238,000
Amount due from subsidiaries	23	-	-	103,930	212,599
Investment in joint venture	16	5,523	4,761	-	-
Other receivables and prepayments	20	3,326	3,820	-	-
Deposits, cash and bank balances	22	6,000	8,688	-	-
		<u>500,775</u>	<u>834,607</u>	<u>256,892</u>	<u>450,725</u>
<b>CURRENT ASSETS</b>					
Inventories		3,724	5,489	-	-
Trade receivables	21	1,527	1,790	-	-
Other receivables and prepayments	20	11,073	15,903	46	131
Amount due from subsidiaries	23	-	-	654	633
Deposits, cash and bank balances	22	3,336	3,514	336	567
		<u>19,660</u>	<u>26,696</u>	<u>1,036</u>	<u>1,331</u>
<b>CURRENT LIABILITIES</b>					
Trade payables	29	35,281	38,525	-	-
Accruals and other payables	30	22,982	37,549	471	1,048
Amounts due to related parties	23	393,361	5,870	-	-
Amount due to joint venture	24	1,615	-	-	-
Borrowings	31	20,562	22,333	8,481	8,923
Lease liabilities	18	455	561	38	120
Provisions	32	8,610	12,706	-	-
Tax payable		2,915	3,321	-	-
		<u>485,781</u>	<u>120,865</u>	<u>8,990</u>	<u>10,091</u>
<b>NET CURRENT LIABILITIES</b>		<u>(466,121)</u>	<u>(94,169)</u>	<u>(7,954)</u>	<u>(8,760)</u>

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**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025 (CONTINUED)**

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>NON-CURRENT LIABILITIES</b>					
Trade payables	29	1,485	15,199	-	-
Amounts due to related parties	23	237,147	637,710	89,140	93,613
Lease liabilities	18	1,198	1,588	38	-
Provisions	32	7,914	9,614	-	-
Deferred tax liabilities	28	8,168	18,346	-	-
		<u>255,912</u>	<u>682,457</u>	<u>89,178</u>	<u>93,613</u>
<b>NET ASSETS</b>		<u>(221,258)</u>	<u>57,981</u>	<u>159,760</u>	<u>348,352</u>
<b>EQUITY</b>					
Share capital	26	707,088	707,088	707,088	707,088
Other reserves	27	19,924	9,467	-	-
Accumulated losses		(742,099)	(550,073)	(547,328)	(358,736)
Equity attributable to owners of the Company		<u>(15,087)</u>	<u>166,482</u>	<u>159,760</u>	<u>348,352</u>
Non-controlling interests		<u>(206,171)</u>	<u>(108,501)</u>	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>(221,258)</u>	<u>57,981</u>	<u>159,760</u>	<u>348,352</u>

The notes set out on pages 20 to 86 form an integral part of these financial statements

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	<u>Note</u>	<u>Attributable to owners of the Company</u>				<u>Non-controlling interests</u> RM'000	<u>Total equity</u> RM'000
		<u>Share capital</u> RM'000	<u>Foreign exchange reserve</u> RM'000	<u>Accumulated losses</u> RM'000	<u>Total</u> RM'000		
<u>Group</u>							
As at 1 January 2025		707,088	9,467	(550,073)	166,482	(108,501)	57,981
Loss for the financial year		-	-	(192,026)	(192,026)	(104,638)	(296,664)
Other comprehensive income-net of tax - Foreign currency translation		-	10,457	-	10,457	6,968	17,425
Total comprehensive expense For the financial year		-	10,457	(192,026)	(181,569)	(97,670)	(279,239)
As at 31 December 2025		<u>707,088</u>	<u>19,924</u>	<u>(742,099)</u>	<u>(15,087)</u>	<u>(206,171)</u>	<u>(221,258)</u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	<u>Note</u>	<u>Attributable to owners of the Company</u>			<u>Non-controlling interests</u>	<u>Total equity</u>	
		<u>Share capital</u>	<u>Foreign exchange reserve</u>	<u>Accumulated losses</u>			
<u>Group</u>		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
As at 1 January 2024		707,088	8,569	(531,960)	183,697	(107,456)	76,241
Loss for the financial year		-	-	(18,113)	(18,113)	(1,644)	(19,757)
Other comprehensive income-net of tax - Foreign currency translation		-	898	-	898	599	1,497
Total comprehensive expense For the financial year		-	898	(18,113)	(17,215)	(1,045)	(18,260)
As at 31 December 2024		<u>707,088</u>	<u>9,467</u>	<u>(550,073)</u>	<u>166,482</u>	<u>(108,501)</u>	<u>57,981</u>

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COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	<u>Note</u>	Share capital RM'000	Accumulated losses RM'000	Total RM'000
<u>Company</u>				
As at 1 January 2025		707,088	(358,736)	348,352
Total comprehensive expense for the financial year		-	(188,592)	(188,592)
As at 31 December 2025		<u>707,088</u>	<u>(547,328)</u>	<u>159,760</u>
As at 1 January 2024		707,088	(345,480)	361,608
Total comprehensive expense for the financial year		-	(13,256)	(13,256)
As at 31 December 2024		<u>707,088</u>	<u>(358,736)</u>	<u>348,352</u>

The notes set out on pages 20 to 86 form an integral part of these financial statements.

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STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM/(FOR)					
OPERATING ACTIVITIES					
Loss before tax		(297,742)	(5,473)	(188,592)	(13,256)
Adjustments for:					
Accretion of asset retirement obligations		1,915	1,376	-	-
(Reversal of)/Additional provision for claims		(1,653)	10,832	-	-
Change in estimate of asset retirement obligations		2,353	(1,204)	-	-
Depreciation and amortisation		49,208	54,227	123	174
Loss/(Gain) on modification of amount due to related party		4,397	(20,663)	-	-
Impairment (reversal)/charge of:					
- trade receivable		(12)	(63)	-	-
- cash and bank balances		(55)	(59)	-	-
- other receivables		(188)	(726)	-	-
- investment in subsidiaries		-	-	85,140	-
- amount due from subsidiaries		-	-	78,612	-
Interest income from deposits		(599)	(819)	(3)	(5)
Interest expenses		48,727	51,060	4,270	4,700
Net additional/(reversal) on impairment of non-financial assets		196,129	(32,141)	-	-
Net reversal for inventory obsolescence		-	(4,858)	-	-
Other finance cost		3,372	747	-	-
Other finance income		(1,285)	(2,308)	(48)	(157)
Share of profits from joint ventures		(5,872)	(3,903)	-	-
Unrealised foreign exchange loss		31,114	8,243	18,424	5,615
Write-off of inventory		241	303	-	-
Write-off of property, plant and equipment		2,694	1,099	-	-
		32,744	55,670	(2,074)	(2,929)

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**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>CASH FLOWS FROM/(FOR)</b>					
<b>OPERATING ACTIVITIES</b>					
<b>(CONTINUED)</b>					
Changes in working capital:					
Inventories		1,006	4,837	-	-
Trade receivables		(86)	1,550	-	-
Other receivables and prepayments		5,410	(12,391)	85	257
Trade payables		(16,052)	(28,313)	-	-
Other payables and accruals		(10,032)	9,026	(534)	(511)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash generated from/(used in) operating activities		12,990	30,379	(2,523)	(3,183)
Settlement of claims		(977)	(10,104)	-	-
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net cash generated from/(used in) operating activities		<u>12,013</u>	<u>20,275</u>	<u>(2,523)</u>	<u>(3,183)</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>					
Purchases of property, plant and equipment		(13,433)	(38,467)	(21)	(11)
Purchase of intangible assets		(68)	(2,051)	-	-
Movement in restricted cash		599	457	-	-
Interest income received		1,960	819	3	5
Advances to subsidiaries		-	-	(103)	(763)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net cash used in investing activities		<u>(10,942)</u>	<u>(39,242)</u>	<u>(121)</u>	<u>(769)</u>

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STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Drawdown of borrowings		7,756	31,206	-	-
Drawdown of amount due to a controlling shareholder		-	-	414	2,889
Loan from related parties		414	6,870	-	-
Payment of borrowings		(8,606)	(18,153)	-	-
Payment of lease interest		(80)	(64)	(3)	(12)
Payment of lease principal		(463)	(647)	(116)	(153)
Repayment from subsidiaries		-	-	2,118	1,661
Net cash (used in)/generated from financing activities		(979)	19,212	2,413	4,385
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
		92	245	(231)	433
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		3,514	3,352	567	134
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS					
		(270)	(83)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	22	3,336	3,514	336	567

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STATEMENTS OF CASH FLOWS  
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Reconciliation of liabilities arising from financing activities:

	At 1 January RM'000	Cash flows RM'000	Non-cash changes			At 31 December RM'000
			Interest expense RM'000	Foreign exchange RM'000	Others RM'000	
<u>2025</u>						
<u>Group</u>						
Amounts due to related parties	643,580	414	47,590	(41,097)	(19,979)	630,508
Borrowings	22,333	(850)	743	(634)	(1,030)	20,562
Lease liabilities	2,149	(543)	80	(111)	78 <sup>(1)</sup>	1,653
Total liability arising from financing activities	<u>668,062</u>	<u>(979)</u>	<u>48,413</u>	<u>(41,842)</u>	<u>(20,931)</u>	<u>652,723</u>
<u>Company</u>						
Amounts due to related parties	93,613	414	3,818	8,841	(17,546)	89,140
Borrowings	8,923	-	1,093	(302)	(1,233)	8,481
Lease liabilities	120	(119)	3	-	72 <sup>(1)</sup>	76
Total liability arising from financing activities	<u>102,656</u>	<u>295</u>	<u>4,914</u>	<u>8,539</u>	<u>(18,707)</u>	<u>97,697</u>

(1) Comprises new lease entered during the year.

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**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

Reconciliation of liabilities arising from financing activities: (continued)

	At 1 January RM'000	Cash flows RM'000	Non-cash changes			At 31 December RM'000
			Interest expense RM'000	Foreign exchange RM'000	Others RM'000	
<u>2024</u>						
<u>Group</u>						
Amounts due to related parties	593,049	6,870	49,649	(38,550)	32,562 <sup>(1)</sup>	643,580
Borrowings	40,947	13,053	1,347	(452)	(32,562) <sup>(1)</sup>	22,333
Lease liabilities	3,380	(711)	64	60	(644) <sup>(2)</sup>	2,149
Total liability arising from financing activities	<u>637,376</u>	<u>19,212</u>	<u>51,060</u>	<u>(38,942)</u>	<u>(644)</u>	<u>668,062</u>
<u>Company</u>						
Amounts due to related parties	56,801	2,889	3,975	(2,614)	32,562 <sup>(1)</sup>	93,613
Borrowings	40,947	-	713	(175)	(32,562) <sup>(1)</sup>	8,923
Lease liabilities	362	(165)	12	-	(89) <sup>(2)</sup>	120
Total liability arising from financing activities	<u>98,110</u>	<u>2,724</u>	<u>4,700</u>	<u>(2,789)</u>	<u>(89)</u>	<u>102,656</u>

(1) Includes a reclassification from borrowings to amounts due to related parties following Hong Kong Resources Management Limited ("HKRM") assigned and transferred to Skyon Corporation Limited ("SCL") its rights, title, interest and benefit in and with respect to an amount due to HKRM of USD6.8 million, as disclosed in Note 23 and Note 31 to the financial statements.

(2) Comprises lease termination during the year.

The notes set out on pages 20 to 86 form an integral part of these financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 1 GENERAL INFORMATION

The Company is incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

#### Principal place of business

Unit 6A-04, Level 6,  
Sungai Mas Plaza,  
Batu 5, Jalan Ipoh,  
51200 Kuala Lumpur

#### Registered office

Unit 11.07, Amcorp Tower,  
Amcorp Trade Centre,  
18, Persiaran Barat,  
46050 Petaling Jaya  
Selangor

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period. The Company and its subsidiaries are collectively referred to as “the Group”.

The financial statements of the Company and of the Group are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency and has been rounded to the nearest thousand unless otherwise stated.

The principal activity of the Company is that of investment holding. The Group is principally engaged in the explorations, development, production and sale of crude oil and other petroleum products.

The principal activities of the subsidiaries are set out in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 2 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 May 2026.

### 3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following material accounting policies have been used consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

#### 3.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of material accounting policies.

Going concern basis of preparation for the Group and the Company

For the financial year ended 31 December 2025, the Group and the Company incurred losses after tax of RM296.7 million and RM188.6 million, respectively. As at the same date, the Group's and the Company's current liabilities exceeded current assets by RM466.1 million and RM8.0 million, respectively.

Key developments and measures to address going concern risks:

a) Regulatory oversight and regularisation plan:

On 3 April 2023, the Company triggered the criteria under Paragraph 2.1(e) of Practice Note 17 ("PN17") of Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") following the issuance of an unqualified audit opinion containing a material uncertainty related to going concern in respect of the Group's audited financial statements for the financial year ended 31 December 2021 and the Company's shareholders' equity on a consolidated basis representing 50% or less of its issued share capital as at 31 December 2022.

Subsequently, the Company undertook efforts to formulate a regularisation plan to address its PN17 status and appointed TA Securities Holdings Berhad as the Principal Adviser on 2 February 2024 pursuant to Paragraph 8.04(3) of the Listing Requirements. Bursa Securities had granted the Company an extension of time up to 2 April 2025 to submit its regularisation plan to the relevant regulatory authorities. However, the Company's subsequent application for a further extension of time was rejected by Bursa Securities on 14 April 2025.

Following the lapse of the extended relief period, the Company was de-listed from the Official List of Bursa Securities on 29 April 2025. Following the de-listing, the Company ceased to pursue the proposed regularisation plan under the Listing Requirements and continues to operate as an unlisted public company.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

Key developments and measures to address going concern risks (continued):

a) Regulatory oversight and regularisation plan (continued):

As at 31 December 2025, the Group and the Company continued to face financial and liquidity challenges. The ability of the Group and the Company to continue as a going concern remains dependent upon the Group's ability to generate sufficient cash flows from its operations, obtain continued support from financiers and creditors, and implement appropriate measures to improve the financial position of the Group. These events and conditions indicate the existence of material uncertainties that may cast significant doubt on the ability of the Group and the Company to continue as a going concern. Nevertheless, the financial statements of the Group and of the Company have been prepared on a going concern basis as the Directors are of the view that the Group and the Company will be able to realise their assets and discharge their liabilities in the normal course of business.

b) Continued financial support from controlling shareholder:

As of the date of this report, there is no formal commitment from the controlling shareholder to provide further financial support to the Group and the Company. Accordingly, the Group and the Company are operating based on internally generated funds and available financing facilities to meet their operational and financial obligations.

c) Operational efficiency and cost control:

The Group continues to implement initiatives aimed at improving operational productivity. These include installing and replacing electrical submersible pumps, conducting maintenance to restore reservoir pressure, initiating infill drilling projects, and injecting gas to maintain pressure. These measures have already contributed to improved oil production for the financial year 2025, with further improvements expected in the coming periods.

d) Exploring alternative revenue streams:

The Group is actively exploring alternative routes for oil exports, which could potentially reduce the price differential between the Group's crude oil and international Brent oil prices, thus improving revenue streams. While these alternatives are not yet in use, the Group remains committed to its existing buyer, Euro-Asian Oil, but remains open to alternative transport solutions if more favorable terms are negotiated and Ministry of Energy of Kazakhstan's ("MOE") approval is obtained.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

e) Debt management and vendor negotiations:

The Group has successfully negotiated settlement arrangements with vendors to extend payment terms on capital and operating expenditures for up to 3 years, helping to ease immediate cash flow pressures. These negotiations demonstrate the Group's proactive approach to managing liabilities and ensuring continued operations without significant disruptions.

f) Loan facilities and capital expenditure funding:

The Group has secured loan facilities to fund planned capital expenditures, particularly for Emir-Oil LLP, which will help finance future production capacity improvements. Additionally, the Group has been granted a credit line by Freedom Bank Kazakhstan JSC, which has been used to support operations.

g) Forecasted positive cash flow:

A comprehensive cash flow forecast, prepared by management, has been reviewed by the Directors. This forecast, which extends through to 31 May 2027, includes reasonably possible changes in crude oil prices and expected production volumes. Based on the forecast and the steps the Group has taken, the Directors are confident that the Group and the Company will generate sufficient cash flow to meet operational and financial obligations in the next 12 months.

h) Ongoing cost reduction initiatives:

In addition to increasing revenue through higher production, the Group is continuously focused on controlling costs and reducing overheads. This includes optimising operational processes, reducing wastage, and improving efficiency across its asset base, all of which contribute to mitigating liquidity pressures.

i) Market conditions and crude oil prices:

While the Group faces ongoing volatility in crude oil prices, it continues to monitor market conditions and adjust its strategy accordingly. The Directors believe that despite the uncertainty surrounding crude oil prices, the Group's proactive measures and flexibility will allow it to adjust to market conditions and maintain sufficient liquidity.

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NOTES TO THE FINANCIAL STATEMENTS  
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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

The Directors are of the opinion that, taking into account the above-mentioned measures, the Group and the Company will continue to have sufficient working capital to finance its operations, and meet its obligations as and when they fall due and to continue its business without significant curtailment of operations in the next twelve months from the approval date of the financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis.

3.1.1 Standard and amendments to published standards that are effective and applicable to the Group and the Company

The Group and the Company have applied the following standard and amendments to published standards for the financial year beginning on 1 January 2025:

- Amendments to MFRS 121: Lack of Exchangeability

The adoption of the amendments to published standards listed above did not have any material impact to the Group and the Company on the current period or any prior period. The Group and the Company disclose its material accounting policies in Note 3 of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS  
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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

3.1.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

*MFRS 18 Presentation and Disclosure of Financial Statements*

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and their accompanying notes. The statements of financial position and the statements of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Group and of the Company has yet to be assessed.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiary is attributed to the owners of the Company.

All intra-group assets and liabilities, equity income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.3 Investments in subsidiaries

Investments in subsidiaries which are eliminated on consolidation, are stated in the financial statements of the Company at cost less impairment losses, if any.

3.4 Investment in joint venture

Investment in joint venture are stated in the financial statements of the Company at cost less impairment losses, if any. The Group recognises its interest in the joint venture using the equity method.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment

Property, plant and equipment, including oil and gas properties, are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

The cost of oil and gas properties is amortised at the field level based on the unit of production method. Unit of production rates are based on oil and gas proved and probable developed (producing and non-producing) reserves estimated to be recoverable from existing facilities based on the current terms of the respective production agreements. The Group's reserves estimates represent crude oil and gas which management believes can be reasonably produced within the current terms of their production agreements.

Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Office furniture and equipment	3 to 15 years
Leasehold improvement	2 years
Information technology network equipment	2 years
Motor vehicles	5 to 7 years
Production equipment	up to 10 years
Buildings	up to 12 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Exploration and evaluation expenditure

The successful efforts method of accounting is used for oil and gas exploration and production activities. Under this method, geological and geophysical costs are expensed when incurred. Costs of exploratory wells (including certain geophysical costs which are directly attributable to the drilling of these wells) are capitalised as exploration and evaluation assets pending determination of whether the wells find proved oil and gas reserves. Should the efforts be determined to be successful, all costs for development wells, supporting equipment and facilities, and proved mineral interests in oil and gas properties are capitalised. Proved oil and gas reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

Exploratory wells in areas not requiring major capital expenditures are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. Otherwise, the related well costs are reclassified to oil and gas properties and subject to impairment review. For exploratory wells that are found to have economically viable reserves in areas where major capital expenditure will be required before production can commence, the related well costs remain capitalised in exploration and evaluation assets only if additional drilling is under way or firmly planned. Otherwise, the related well costs are expensed as dry holes. The Group does not have any costs of unproved properties capitalised in oil and gas properties.

Identifiable exploration assets acquired are recognised as assets at their fair value, as determined by the requirements of business combinations. Exploration and evaluation expenditure incurred subsequent to the acquisition of an exploration asset in a business combination is accounted for in accordance with the policy outlined above.

3.7 Intangible assets

Intangible assets represent computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Financial instruments

**(a) Financial assets**

Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

Financial assets through other comprehensive income

The Group has elected to designate certain equity instruments as financial assets through other comprehensive income at initial recognition.

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

**(b) Financial liabilities**

Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

**(c) Equity**

Ordinary shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.9 Inventories

Inventories are crude oil and materials and supplies which are stated at the lower of cost and net realisable value. Materials and supplies costs are determined using the first-in first-out method. Crude oil costs are determined using the weighted average cost method. The cost of crude oil comprises direct labour, depreciation, other direct costs and related production overhead.

3.10 Share capital

(i) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual arrangement of the particular instrument.

(ii) Share issue costs

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the parent and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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NOTES TO THE FINANCIAL STATEMENTS  
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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

Provision for asset retirement obligations

Asset retirement obligations (including future decommissioning and restoration) which meet the criteria of provisions are recognised as provisions and the amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements, while a corresponding addition to the related oil and gas properties of an amount equivalent to the provision is also created. This is subsequently depleted as part of the costs of the oil and gas properties.

Changes in the obligation due to revised estimates of the amount or timing of cash flows required to settle the future liability is recognised by increasing or decreasing the carrying amount of the asset retirement obligation ("ARO") liability and the ARO asset. The adjustments to the asset are restricted, that is to say the asset cannot decrease below zero and cannot increase above its recoverable amount. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in profit or loss.

Changes due solely to the passage of time (i.e.: accretion of the discounted liability) is recognised as an increase in the carrying amount of the liability and is recognised as accretion expense in the profit or loss under finance cost. This accretion expense is recognised based on the effective interest method during the useful life of the related oil and gas properties.

The effects of foreign exchange differences resulted from the re-measurement of ARO in foreign currencies is recognised by increasing or decreasing the carrying amount of the ARO liability and ARO asset.

If the conditions for the recognition of the provisions are not met, the expenditure for the decommissioning, removal and site cleaning will be expensed in profit or loss when incurred.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Revenue recognition

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expect to be entitled in exchange for transferring promised goods or services to a customer, net of estimated returns, discounts, commissions, rebates and taxes. Discounts and rebates are measured using the most likely amount method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good promised in the contract.

Revenue from the sale of crude oil, gas and other petroleum products are recognised at a point in time when the control of the product is transferred to the customer.

The Group and the Company do not expect any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group and the Company do not adjust any of the transaction prices for the time value of money.

3.14 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Right-of-use of assets and lease liabilities

(a) Short-term leases and leases of low value assets

The Group applies the “short-term lease” and “lease of low-value assets” recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use of assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities’ incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

3.17 Contract liabilities

Contract liabilities of the Group represent advance receipts from customers on sales that have yet to be rendered or completed. Contract liabilities are named as advance payments and classified under other payables and accruals.

All other contract liabilities are expected to be recognised as revenue over the next 12 months.

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4 FINANCIAL RISK MANAGEMENT

The Group and the Company's activities expose it to a variety of financial risks: market risk (including interest risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group and the Company's financial performance.

The Group and the Company have established risk management policies, guidelines and procedures in order to manage its exposure to these financial risks. The following sections provide details regarding the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's and the Company's financial position or cash flows.

(i) Foreign exchange risk

The Group and the Company are exposed to foreign currency risks on trade receivables, other receivables, amount due from subsidiaries, amount due from a corporate shareholder of a subsidiary, deposits, cash and bank balances, trade payables, accruals and other payables, lease liabilities, amounts due to related parties and borrowings that are denominated in a currency that is different from the functional currency. The currencies giving rise to this risk are primarily the United States Dollar ("USD") and the Kazakhstani Tenge ("KZT").

The Group and the Company do not hedge their foreign currency denominated obligations.

The KZT is not a freely convertible currency. Limitation in foreign exchange transactions could cause future exchange rates to vary significantly from current or historical exchange rates. Management is not in a position to anticipate changes in the foreign exchange regulations and as such is unable to reasonably anticipate its impact on the Group's operational results or financial position arising from future changes in exchange rates.

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4 **FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) **Market risk (continued)**

(i) **Foreign exchange risk (continued)**

The Group's and the Company's currency exposure profiles are as follows:

<u>Group</u>	<u>Denominated in KZT</u>		<u>Denominated in USD</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Financial assets</u>				
Deposits, cash and bank balances	2,607	9,485	3,336	2,123
Trade receivables	2,679	1,790	-	-
Other receivables	5,190	1,982	877	137
	<u>10,476</u>	<u>13,257</u>	<u>4,213</u>	<u>2,260</u>
<u>Financial liabilities</u>				
Trade payables	30,373	43,227	6,393	10,497
Accruals and other payables	20,490	34,515	502	256
Lease liabilities	1,577	2,029	-	-
Amount due to related parties	-	-	630,508	643,580
Borrowings	-	-	20,562	22,333
	<u>52,440</u>	<u>79,771</u>	<u>657,965</u>	<u>676,666</u>
<u>Company</u>				
<u>Financial asset</u>				
Amount due from subsidiaries	-	-	103,930	212,599
Other receivables	-	-	41	130
	<u>-</u>	<u>-</u>	<u>103,971</u>	<u>212,729</u>
<u>Financial liabilities</u>				
Borrowings	-	-	8,481	8,923
Amounts due to related parties	-	-	89,140	93,613
	<u>-</u>	<u>-</u>	<u>97,621</u>	<u>102,536</u>

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The table below summarises the change in foreign currency rate to the Group and the Company's loss after taxation and equity. This analysis assumes that all other variables, in particular interest rates, remains constant and ignores any impact of forecasted sales and purchases.

<u>Group</u>	Effect on loss after taxation and equity	
	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>Increase/Decrease in foreign exchange rate</u>		
KZT strengthened/weakened by:		
+ 2% (2024: +2%)	(839)	(1,330)
- 2% (2024: -2%)	839	1,330
	<u>          </u>	<u>          </u>
<u>Increase/Decrease in foreign exchange rate</u>		
USD strengthened/weakened by:		
+ 4% (2024: +4%)	(26,150)	(26,976)
- 4% (2024: -4%)	26,150	26,976
	<u>          </u>	<u>          </u>
<u>Company</u>		
	Effect on loss after taxation and equity	
	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>Increase/Decrease in foreign exchange rate</u>		
USD strengthened/weakened by:		
+ 4% (2024: +4%)	254	4,408
- 4% (2024: -4%)	(254)	(4,408)
	<u>          </u>	<u>          </u>

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4 **FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) **Market risk (continued)**

(ii) **Interest rate risk**

The Group and the Company have no significant interest bearing cash assets. The Group and the Company's income and operating cash flows are substantially independent of changes in market rates. A detailed analysis of the Group's amount due to related parties and borrowings, together with their respective effective interest rates and maturity dates, are included in Note 23 and Note 31.

(iii) **Price risk**

The Group is significantly expose to crude oil commodity price risk. Commodity price risk related to crude oil is the Group's market risk exposure. Crude oil prices and quality differentials are influenced by worldwide factors such as Organisation of the Petroleum Exploiting Countries + ("OPEC+") actions, political events and supply and demand fundamentals. The Group is also exposed to natural gas price movements. Natural gas prices are generally influenced by oil prices and local market conditions. The Group's expenditures are subject to the effects of inflation, and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation. The Group may use different types of financial instruments to manage its exposure to price risk.

(b) **Credit risk**

Financial assets that are primarily exposed to credit risks are trade receivables, deposits and other receivables, amount due from a subsidiary, amount due from a corporate shareholder in a subsidiary and deposits and bank balances. Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group and the Company. At the reporting date, the Group and the Company's maximum exposure to credit risk is represented by carrying amounts of each class of financial assets recognised in the statement of financial position.

Trade receivables

The Group applies the MFRS 9 simplified approach to measure expected credit losses ("ECL") of its trade receivables.

The expected loss rates are based on payment profiles of sales over a certain period before 31 December 2025 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Trade receivables (continued)

The Group has one customer which in aggregate accounts for more than 67% (2024: 65%) of the Group's revenue and as such, the Group has concentration of credit risk for its trade receivables. The Group has assessed the probability of default to be low due to the good payment history of the customer with consideration of current market conditions. Therefore, the impact of expected credit loss ("ECL") is immaterial.

Other receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from other receivables are represented by its carrying amounts in the statement of financial position.

The Group uses the three stages approach for other receivables which reflect their credit risk and how loss allowances are determined for each of those stages. The Group determines the probability of default for other receivables considering historical data and macroeconomic information.

The analysis of the credit exposure of other receivables for which an ECL allowance is recognised is disclosed in Note 20.

Amount due from subsidiaries

The Company enters into trade and non-trade transactions with its subsidiaries. As at 31 December 2025, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

The Group and the Company use the three stage approach for amount due from subsidiaries which reflect their credit risk and how loss allowances are determined for each of those stages. The Company determines the probability of default for the amounts due from subsidiaries individually using internal available information.

The amount due from subsidiaries are assessed using the 12-month ECL methodology under Stage 1 as the subsidiaries have capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. At the end of the reporting period, there was no indication that the balances are not recoverable other than those which had already impaired in the previous financial year.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Deposits and bank balances

The Group and the Company place the deposits and bank balances with various creditworthy financial institutions. As at the end of the reporting period, the maximum exposure to credit risk of deposits and bank balances are represented by the carrying amounts in the statement of financial position.

The Group and the Company use the three stages approach for deposits and bank balances which reflect their credit risk and how the loss allowances are determined for each of those stages. The Group determines the probability of default for these balances considering historical data and macroeconomic information (such as market interest rates).

The analysis of the credit exposure of deposits and bank balances for which an ECL allowance is recognised is disclosed in Note 22.

(c) Liquidity risk

Liquidity risk refers to the potential difficulty the Group may face in meeting its financial obligations due to a shortage of funds. The Group's exposure arises from mismatches between financial asset and liability maturities. To manage this risk, the Group maintains sufficient cash and available credit facilities to meet its working capital needs and has various financing options, including shareholder loan facilities.

As of 31 December 2025, the Group had a shareholder's loan facility of USD5.0 million, of which USD3.5 million remains undrawn. The Group also applied for a credit line facility with Freedom Bank Kazakhstan JSC, which was granted in November 2024 and has been used for support operations.

Despite the Group's and the Company's current liabilities exceeding current assets by RM466.1 million and RM8.0 million, respectively, they have met all financial obligations during the year. The Group continues to face challenges in generating positive cash flows, particularly due to production targets.

To mitigate liquidity pressures, the Group is implementing measures as disclosed in Note 3.1 of the financial statements and will continue to utilise available loan facilities to ensure sufficient funds for operational and financial obligations. If necessary, financial support in the form of liquid funds may be requested from the Group's controlling shareholder, Super Racer Limited, and its sole shareholder.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the Group and the Company's financial liabilities into relevant maturity groupings based on the remaining year at the end of the reporting period to their contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows of principal amount and interests.

	Contractual undiscounted cash flows					Total RM'000
	Carrying amount RM'000	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	
<u>Group</u>						
<u>2025</u>						
Trade payables	36,766	35,279	1,552	-	-	36,831
Accruals and other payables (excluding statutory liabilities and contract liabilities)	3,744	3,744	-	-	-	3,744
Amounts due to related parties	630,508	261,625	137,894	-	476,179	875,698
Lease liabilities	1,653	477	401	1,202	2,705	4,785
Borrowings	20,562	20,562	-	-	-	20,562
	<u>693,233</u>	<u>321,687</u>	<u>139,847</u>	<u>1,202</u>	<u>478,884</u>	<u>941,620</u>
<u>Group</u>						
<u>2024</u>						
Trade payables	53,724	38,525	15,883	-	-	54,408
Accruals and other payables (excluding statutory liabilities and contract liabilities)	4,284	4,284	-	-	-	4,284
Amounts due to related parties	643,580	5,870	447,933	-	529,855	983,658
Lease liabilities	2,149	701	442	1,288	3,422	5,853
Borrowings	22,333	22,333	-	-	-	22,333
	<u>726,070</u>	<u>71,713</u>	<u>464,258</u>	<u>1,288</u>	<u>533,277</u>	<u>1,070,536</u>

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Contractual undiscounted cash flows					Total RM'000
	Carrying amount RM'000	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	
<u>Company</u>						
<u>2025</u>						
Accruals and other payables (excluding statutory liabilities)	471	471	-	-	-	471
Amounts due to related parties	89,140	-	6,830	-	82,310	89,140
Lease liabilities	76	40	41	-	-	81
Borrowings	8,481	8,481	-	-	-	8,481
	<u>98,168</u>	<u>8,992</u>	<u>6,871</u>	<u>-</u>	<u>82,310</u>	<u>98,173</u>
<u>2024</u>						
Accruals and other payables (excluding statutory liabilities)	1,048	1,048	-	-	-	1,048
Amounts due to related parties	93,613	-	6,908	-	86,705	93,613
Lease liabilities	120	123	-	-	-	123
Borrowings	8,923	8,923	-	-	-	8,923
	<u>103,704</u>	<u>10,094</u>	<u>6,908</u>	<u>-</u>	<u>86,705</u>	<u>103,707</u>

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value estimation

Except as disclosed below, the carrying amounts of the Group and the Company's financial assets and liabilities approximate their fair values due to the relatively short-term nature of financial instruments.

	<u>Group</u>		<u>Company</u>	
	<u>Carrying amount</u> RM'000	<u>Fair value</u> RM'000	<u>Carrying amount</u> RM'000	<u>Fair value</u> RM'000
<u>At 31 December 2025</u>				
Trade payables	1,485	1,419	-	-
Amount due to related parties	237,147	279,173	89,140	79,051
<u>At 31 December 2024</u>				
Trade payables	15,199	14,125	-	-
Amount due to related parties	637,710	664,458	93,613	86,808

Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Group and the Company determine the fair value based on discounted estimated future cash flows using the prevailing market rates for similar credit risks and remaining year of maturity. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving at fair value.

The disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Valuation technique

The fair value of the amount due to related parties, trade payables, and borrowings as disclosed is measured based on Level 2 fair value measurement hierarchy using the discounted cash flows model.

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**4 FINANCIAL RISK MANAGEMENT (CONTINUED)**

(e) Capital risk management

The Group and the Company's objectives when managing capital are to safeguard the Group and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group and the Company monitor capital on the basis of Debt over Adjusted Earnings before Interest, Taxation, Depreciation and Amortisation ("Adjusted EBITDA"). Debt is calculated as total amounts due to related parties and external borrowings. Adjusted EBITDA is determined as profit before finance income, finance cost, income tax and depreciation and amortization, and adjusted for impairment losses on non-financial assets recognised during the financial year.

The Debt over Adjusted EBITDA ratio of the Group is as follows:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Amount due to related parties	630,508	643,580
Borrowings	20,562	22,333
Total Debt	<u>651,070</u>	<u>665,913</u>
Loss before tax	(297,742)	(5,473)
Finance income	(12,062)	(25,111)
Finance cost	99,508	62,827
Depreciation and amortisation	49,208	54,227
EBITDA	<u>(161,088)</u>	<u>86,470</u>
Net additional/(reversal) on Impairment of non-financial assets	196,129	(32,141)
Adjusted EBITDA	<u>35,041</u>	<u>54,329</u>
Debt over Adjusted EBITDA ratio	<u>18.58</u>	<u>12.26</u>

**5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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5 **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

(a) **Estimation of proved and probable oil reserves**

Proved reserves are those quantities of petroleum that by analysis of geoscience and engineering data can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. Economic conditions include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions. Proved developed reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Proved undeveloped reserves are quantities expected to be recovered through future investments: from new wells on undrilled acreage in known accumulations, from extending existing wells to a different (but known) reservoir, or from infill wells that will increase recovery. Probable reserves are additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are likely to be recovered.

The Group's reserve estimates were prepared for each oilfield and includes crude oil and liquefied petroleum gas that the Group believes can be reasonably produced within current economic and operating conditions.

Proved and probable reserves cannot be measured exactly. Reserves estimates are based on many factors related to reservoir performance that require evaluation by engineers interpreting the available data, as well as price and other economic factors. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data, and the production performance of the reservoirs as well as engineering judgement. Consequently, reserves estimates are subject to revision as additional data becomes available during the producing life of a reservoir. When a commercial reservoir is discovered, proved reserves are initially determined based on limited data from the first well or wells. Subsequent data may better define the extent of the reservoir and additional production performance. Well tests and engineering studies will likely improve the reliability of reserves estimates. The evolution of technology may also result in the application of improved recovery techniques such as supplemental or enhanced recovery projects, or both, which have the potential to increase reserves beyond those envisioned during the early years of a reservoir's producing life.

In general, changes in the technical maturity of reserves resulting from new information becoming available from development and production activities and change in oil and gas price have tended to be the most significant cause of annual revisions.

Changes to the Group's estimates of proved-plus-probable developed reserves affect the amount of depreciation recorded in the financial statements for property, plant and equipment. These changes can, for example, be the result of production and revisions. A reduction in proved and probable reserves will increase the rate of depreciation charges (assuming constant production) and reduce income. If the proved and probable developed reserves estimates increase by 10% the depreciation charges will decrease by RM7,438,334 (2024: RM4,230,517). Decreasing the proved and probable developed reserves estimates by 10% will increase the depreciation charges by RM143,937 (2024: 5,069,637).

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5 **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

(a) Estimation of proved and probable oil reserves (continued)

Changes to the Group's estimates of proved and probable developed reserves affect prospectively the amounts of depreciation charged and, consequently, the carrying amounts of property, plant and equipment. Information about the carrying amounts of these assets and the amounts charged to profit or loss, including depreciation charge is presented in Note 11.

Changes to the Group's estimates of proved and probable reserves would also impact assumptions used in determining deferred tax asset recognition and impairment.

(b) Depreciation of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

Management will adjust estimated useful lives where actual useful lives vary from previously estimated useful lives.

(c) Impairment of property, plant and equipment

Property, plant and equipment, including oil and gas properties and exploration and evaluation assets, are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Determination as to whether and how much an asset is impaired involve management estimates and judgements such as future prices of crude oil, estimation of proved and probable oil reserves and production profile. However, the impairment reviews and calculations are based on assumptions that are consistent with the market conditions and data. Favourable changes to some assumptions may allow the Group to avoid the need to impair any assets, whereas unfavourable changes may cause the assets to become impaired.

Details of the estimates and judgements are set out in Note 17 to the financial statements.

(d) Exploration and evaluation expenditure

Exploratory wells in areas not requiring major capital expenditures are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. In making decisions about whether to continue capitalising the exploration costs, it is necessary to make judgements about the economic viability of the exploratory wells. If there is a change in one of these judgements in a subsequent period, then the related capitalised exploration costs would be expensed in that period, resulting in a charge to the profit or loss.

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5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Current and deferred income tax

The Group and the Company are subject to income taxes in Malaysia, Netherlands and Kazakhstan. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is still subject to finalisation. The Group and the Company recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax in Kazakhstan has been re-measured to reflect the changes in excess profit tax rate that will be applicable in the periods in which the deductible/taxable temporary differences are expected to reverse.

Income in Kazakhstan is taxed at the excess profit tax rate which is based on rate of return on subsurface use operations and requires estimation of future taxable income, capital expenditures and other assumptions which affect the estimation of amounts and periods when deductible/taxable temporary differences existing at the reporting date are reversed/settled.

(f) Impairment of investment in subsidiaries

Investment in subsidiaries are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Determination as to whether and how much an investment is impaired involve management estimates and judgements such as future prices of crude oil, estimation of proved and probable oil reserves and production profile. However, the impairment reviews and calculations are based on assumptions that are consistent with the market conditions and data.

Details of the estimates and judgements are set out in Note 15 to the financial statements.

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6 REVENUE

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Sale of crude oil	133,278	205,823
Sale of gas	2,171	2,006
	<u>135,449</u>	<u>207,829</u>

The above revenue is recognised at a point in time.

7 TAXES OTHER THAN INCOME TAXES

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Rent export tax	11,104	24,358
Rent export duty expenditure	14,774	21,889
Mineral extraction tax	5,916	8,738
Property tax	4,614	6,028
	<u>36,408</u>	<u>61,013</u>

8 EMPLOYEE COMPENSATION COSTS

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and allowances	14,102	15,256	1,126	1,252
Welfare and other expenses	1,059	1,040	165	175
	<u>15,161</u>	<u>16,296</u>	<u>1,291</u>	<u>1,427</u>

Employee compensation costs include Directors' remuneration (whether executive or otherwise) as disclosed in Note 12 to the financial statements.

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9 OTHER OPERATING EXPENSE/(INCOME)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Write-off of inventory	241	303	-	-
Realised foreign exchange loss on operations - net	-	131	6	29
Change in asset retirement obligation estimate	2,353	(1,204)	-	-
Others	1,056	(3,009)	-	-
	<u>3,650</u>	<u>(3,779)</u>	<u>6</u>	<u>29</u>

Foreign exchange rates gain/(loss) arising from purchases and services procured are classified as part of operating expenditure.

10 FINANCE INCOME/(COST)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Finance income</u>				
Interest income from deposits with licensed islamic banks	3	5	3	5
Interest income from deposits with other licensed banks	596	814	-	-
Foreign exchange gain on borrowings and related parties' loan:				
- Realised	829	1,298	-	156
- Unrealised	9,349	23	9,349	9
Gain on modification of amount due to related party	-	20,663	-	-
Other finance income	1,285	2,308	48	157
	<u>12,062</u>	<u>25,111</u>	<u>9,400</u>	<u>327</u>

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10 FINANCE INCOME/(COST) (CONTINUED)

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<u>Finance cost</u>				
Interest expense on amount due to Super Racer Limited ("SRL")	(136)	(185)	(136)	(185)
Interest expense on amount due to shareholder of SRL	(45,999)	(48,203)	(2,362)	(2,529)
Interest expense on amount due to Skyon Corporation Limited	(1,456)	(1,261)	(1,456)	(1,261)
Accretion of asset retirement obligations (Note 32)	(1,915)	(1,376)	-	-
Foreign exchange loss on borrowings, other payables and related parties' loan:				
- Realised	(634)	(1,378)	-	-
- Unrealised	(40,463)	(8,266)	(27,773)	(5,624)
Interest on borrowings	(1,056)	(1,347)	(313)	(713)
Interest on lease liabilities	(80)	(64)	(3)	(12)
Loss on modification of amount due to related party	(4,397)	-	-	-
Other finance cost	(3,372)	(747)	-	-
Finance cost	(99,508)	(62,827)	(32,043)	(10,324)

Foreign exchange difference arising from loans due from/to related parties and borrowings are classified as part of finance income/(cost).

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11 LOSS BEFORE TAX

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Loss before taxation is arrived at after charging/(crediting):				
Auditors' remuneration:				
- Audit fees				
- Crowe Malaysia PLT	270	330	235	278
- Member firm of Crowe Global*	277	265	-	-
- Non audit fees:				
- Crowe Malaysia PLT	-	177	-	177
- Member firm of Crowe Global*	-	266	-	-
Depreciation:				
- Property, plant and equipment (Note 17)	48,706	53,560	4	1
- Right of use of assets (Note 18)	293	443	119	173
Amortisation of intangible assets (Note 19)	209	224	-	-
Additional/(Reversal of) impairment of non-financial asset (Note 17)	196,129	(32,141)	-	-
Professional fees	1,147	1,498	134	938
(Reversal of)/Additional provision for claims (Note 32)	(1,653)	10,832	-	-
Unrealised foreign exchange loss	31,114	8,243	18,424	5,615
Realised foreign exchange (gain)/loss	(195)	211	(6)	(127)
Change in estimate of asset retirement obligations	2,353	(1,204)	-	-
Write-off of inventory	241	303	-	-
Write-off of property, plant and Equipment (Note 17)	2,694	1,099	-	-
Impairment (reversal)/charge of:				
- trade receivables	(12)	(63)	-	-
- cash and bank balances	(55)	(59)	-	-
- other receivables	(188)	(726)	-	-
- investment in subsidiaries	-	-	85,140	-
- amount due from subsidiaries	-	-	78,612	-
Net reversal for inventory obsolescence	-	(4,858)	-	-
Expenses arising from leases:				
- short-term leases				
- Premises	-	167	-	-
- low-value assets leases				
- Office equipment	7	12	7	12

\* Crowe Malaysia PLT and other member firm of Crowe Global are separate and independent legal entities.

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12 DIRECTORS' REMUNERATION

The aggregate amount of emoluments receivable by Directors during the financial year was as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Executive Director:				
- Salaries and bonuses	60	60	60	60
Non-executive Directors:				
- Fees	239	306	239	306
- Allowances	56	129	56	129
	355	495	355	495
	355	495	355	495

13 TAXATION

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Foreign income tax:				
- Current financial year	51	(1,751)	-	-
Deferred tax expense/(income) (Note 28)				
- Origination and reversal of temporary difference	(1,129)	16,035	-	-
	(1,078)	14,284	-	-
	(1,078)	14,284	-	-

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13 TAXATION (CONTINUED)

The explanation of the relationship between tax (credit)/expense and loss before tax is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
Loss before tax	(297,742)	(5,473)	(188,592)	(13,256)
Tax calculated at the statutory tax rate of 24% (2024: 24%)	(71,458)	(1,314)	(45,262)	(3,181)
Tax effects of:				
- Income not subject to tax	(95,653)	(5,392)	(2,245)	(57)
- Expenses not deductible for tax purposes	82,327	18,200	47,507	3,238
- Difference in overseas tax rates and tax base	58,968	(1,098)	-	-
- Re-measurement of deferred tax due to changes in the excess profit tax	-	(24,414)	-	-
- Deferred tax assets not recognised during the financial year	24,738	28,302	-	-
	<u>(1,078)</u>	<u>14,284</u>	<u>-</u>	<u>-</u>

14 LOSS PER ORDINARY SHARE

The calculation of basic loss per ordinary share at 31 December 2025 was based on the profit or loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
Loss attributable to owners of the Company (RM'000)	(192,026)	(18,113)
Weighted average number of ordinary shares ('000)	2,128,957	2,128,957
Basic loss per ordinary share (RM)	(0.090)	(0.009)
Diluted loss per ordinary share (RM)	<u>(0.090)</u>	<u>(0.009)</u>

Diluted loss per ordinary share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. As at 31 December 2025, there is no dilutive potential ordinary shares.

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15 INVESTMENT IN SUBSIDIARIES

	<u>Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Cost of investment	25,646	25,646
Capital contributions to a subsidiary	584,391	584,391
Less: Accumulated impairment losses	(457,177)	(372,037)
	<u>152,860</u>	<u>238,000</u>

Movement in the Company's loss allowance of investment in subsidiaries is as follows:

	<u>Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At 1 January	372,037	372,037
Increase in loss allowance	85,140	-
At 31 December	<u>457,177</u>	<u>372,037</u>

Impairment assessment of investment in Reach Energy Ventures Sdn. Bhd.

As a result of the continued challenging operating environment of the Group and of the Company coupled with continuing losses during the financial year, management performed an assessment to identify whether an impairment is required with regards to the Company's investment in Reach Energy Ventures Sdn. Bhd. ("REVSB").

The recoverable amount of the Company's investment in subsidiary was determined using the FVLCD model which involves significant judgement and estimates in respect of REVSB's ability to distribute dividends to the Company. The fair value measurement is calculated using the discounted cash flow method categorised under Level 3 hierarchy.

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15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Impairment assessment of investment in Reach Energy Ventures Sdn. Bhd. (Continued)

Key assumptions used in determining the recoverable amount are as follows:

	<u>2025</u>	<u>2024</u>
Period of projection	2026 - 2036	2025 - 2036
Selling price for export sales	USD54 - USD79	USD70 - USD86
Selling price for domestic sales	USD30 - USD37	USD33 - USD40
Reserve volume	30.5 MMBbl	31.3 MMBbl
Inflation rate	3.6% - 6.4%	3.6% - 7.0%
Weighted average cost of capital	13.84%	13.46%
Capital expenditure	USD83.02 million over the projection period	USD110.1 million over the projection period
Repayment of borrowings	In accordance with terms of borrowings	In accordance with terms of borrowings

The Company uses the period of subsoil use rights owned by REFSB's subsidiary as the projection period.

As the recoverable amount was lower than the carrying amount, an impairment was recognised.

If the average oil price had been USD16.50/bbl higher than management's estimates, it would have resulted in the recoverable amount being equal to the carrying amount of the investment in subsidiaries.

If the reserves volume had been 24.09% higher than management's estimates, it would have resulted in the recoverable amount being equal to the carrying amount of the investment in subsidiaries.

If the estimated weighted cost of capital ("WACC") applied to the discounted cash flow had been 45.83% lower than management's estimates, it would have resulted in the recoverable amount being equal to the carrying amount of the investment in subsidiaries.

During the current financial year, an impairment of RM85.1 million was recognised as the carrying amount was lower than recoverable amounts. If the average oil price had been USD3.35/bbl lower than management's estimates, the reserve volume had been 5% lower than management's estimates, the estimated WACC applied to the discounted cash flows had been 5% higher than management's estimates, would have resulted in an additional impairment of RM8.8 million, RM8.2 million and RM6.9 million respectively to the investment in subsidiaries.

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15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Group's effective equity interest</u>		<u>Country of incorporation</u>	<u>Principal activities</u>
	<u>2025</u> %	<u>2024</u> %		
Reach Energy Ventures Sdn. Bhd.	100	100	Malaysia	Investment holding company
<u>Subsidiary held through Reach Energy Ventures Sdn. Bhd.</u>				
Palaeontol B.V. <sup>(1)</sup>	60	60	Netherlands	Investment holding company
<u>Subsidiary held through Palaeontol B.V.</u>				
Emir-Oil LLP <sup>(2)</sup>	60	60	Republic of Kazakhstan	Exploration, development, production and sale of crude oil and other petroleum products

The financial year end of the subsidiaries fall on 31 December.

(1) No audit is required as allowed by the laws of the country of incorporation

(2) Audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.

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15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information for subsidiary

Set out below are the summarised financial information for Palaeontol B.V. Group ("PBV Group"):

Summarised statement of financial position

	<u>2025</u> RM'000	<u>2024</u> RM'000
Non-current assets	1,784,264	1,888,619
Current assets	19,720	26,827
Current liabilities	(91,372)	(113,527)
Non-current liabilities	(1,930,597)	(2,071,754)
Net liabilities	<u>(217,985)</u>	<u>(269,835)</u>
Accumulated non-controlling interests	<u>(206,171)</u>	<u>(108,501)</u>

Summarised statement of comprehensive income

Revenue	<u>135,449</u>	<u>207,829</u>
Loss for the financial year	<u>(24,020)</u>	<u>(4,111)</u>
Loss allocated to non-controlling interests	<u>(9,608)</u>	<u>(1,644)</u>

Other than restricted cash set aside for environmental remediation relation to its operations as disclosed in Note 22, there is no restriction on the Group's ability to access or use the assets or settle the liabilities of the PBV Group.

Summarised statement of cash flows

	<u>2025</u> RM'000	<u>2024</u> RM'000
Net cash generated from operating activities	17,071	23,477
Net cash used in investing activities	(10,754)	(38,474)
Net cash (used in)/generated from financing activities	(6,360)	14,827
Exchange differences	(270)	(84)
Net decrease in cash and cash equivalents	<u>(313)</u>	<u>(254)</u>

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16 INVESTMENT IN JOINT VENTURE

During the prior financial year, the Group entered into a joint venture as set out below:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
As at 1 January	4,761	4,055
Share of result in joint venture	5,872	3,903
Dividend received	(4,609)	(3,072)
Foreign exchange translation	(501)	(125)
As at 31 December	<u>5,523</u>	<u>4,761</u>

The Group's ownership in the joint venture, its principal activities and country of incorporation is listed as follows:

<u>Name of Company</u>	<u>Country of Incorporation and place of business</u>	<u>Principal activities</u>	<u>2025</u> <u>Proportion of ownership interest</u> <u>%</u>
Emir-Oil Trading LLP	Kazakhstan	Sale of petroleum products	60

Summarised financial information has not been presented as the joint venture is not individually material to the Group.

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17 PROPERTY, PLANT AND EQUIPMENT

	Exploration and evaluation assets RM'000	Oil and gas properties RM'000	Buildings and leasehold improvements RM'000	Motor vehicles, office and other production equipment RM'000	Information technology network equipment RM'000	Construction in progress RM'000	Total RM'000
<u>Group</u>							
<u>2025</u>							
<u>Cost</u>							
At 1 January	105,977	1,611,878	8,142	10,117	63	312,809	2,048,986
Additions	4	871	-	82	-	12,476	13,433
Transfers	-	2,426	-	293	-	(2,719)	-
Write-off	(1,369)	-	(664)	(1,406)	-	(898)	(4,337)
Foreign exchange translation	(11,814)	(149,252)	(719)	(859)	-	(29,402)	(192,046)
At 31 December	92,798	1,465,923	6,759	8,227	63	292,266	1,866,036
<u>Accumulated depreciation</u>							
At 1 January	-	622,411	6,147	1,223	63	-	629,844
Charge for the financial year	-	47,908	161	637	-	-	48,706
Write-off	-	-	(663)	(980)	-	-	(1,643)
Foreign exchange translation	-	(27,627)	(197)	(71)	-	-	(27,895)
At 31 December	-	642,692	5,448	809	63	-	649,012

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17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Exploration and evaluation assets RM'000	Oil and gas properties RM'000	Buildings and leasehold improvements RM'000	Motor vehicles, office and other production equipment RM'000	Information technology network equipment RM'000	Construction in progress RM'000	Total RM'000
<u>Group</u>							
<u>2025</u>							
<u>Accumulated impairment</u>							
At 1 January	90,052	497,187	-	-	-	23,496	610,735
Additional for the financial year	-	196,129	-	-	-	-	196,129
Foreign exchange translation	(10,408)	(55,418)	-	-	-	(2,174)	(68,000)
At 31 December	79,644	637,898	-	-	-	21,322	738,864
<u>Net book value</u>							
At 31 December	13,154	185,333	1,311	7,418	-	270,944	478,160

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17 **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	<u>Exploration and evaluation assets</u> RM'000	<u>Oil and gas properties</u> RM'000	<u>Buildings and leasehold improvements</u> RM'000	<u>Motor vehicles, office and other production equipment</u> RM'000	<u>Information technology network equipment</u> RM'000	<u>Construction in progress</u> RM'000	<u>Total</u> RM'000
<u>Group</u>							
<u>2024</u>							
<u>Cost</u>							
At 1 January	137,178	1,622,602	8,361	10,410	63	290,040	2,068,654
Additions	355	4,696	-	278	-	33,138	38,467
Transfers	(26,987)	28,271	2	758	-	(2,044)	-
Write-off	(984)	-	-	(1,061)	-	-	(2,045)
Foreign exchange translation	(3,585)	(43,691)	(221)	(268)	-	(8,325)	(56,090)
At 31 December	<u>105,977</u>	<u>1,611,878</u>	<u>8,142</u>	<u>10,117</u>	<u>63</u>	<u>312,809</u>	<u>2,048,986</u>
<u>Accumulated depreciation</u>							
At 1 January	-	581,893	5,824	1,585	63	-	589,365
Charge for the financial year	-	52,507	441	612	-	-	53,560
Write-off	-	-	-	(946)	-	-	(946)
Foreign exchange translation	-	(11,989)	(118)	(28)	-	-	(12,135)
At 31 December	<u>-</u>	<u>622,411</u>	<u>6,147</u>	<u>1,223</u>	<u>63</u>	<u>-</u>	<u>629,844</u>

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17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Exploration and evaluation assets RM'000	Oil and gas properties RM'000	Buildings and leasehold improvements RM'000	Motor vehicles, office and other production equipment RM'000	Information technology network equipment RM'000	Construction in progress RM'000	Total RM'000
<u>Group</u>							
<u>2024</u>							
<u>Accumulated impairment</u>							
At 1 January	93,088	543,048	-	-	-	24,136	660,272
Reversal for the financial year	-	(32,141)	-	-	-	-	(32,141)
Foreign exchange translation	(3,036)	(13,720)	-	-	-	(640)	(17,396)
At 31 December	90,052	497,187	-	-	-	23,496	610,735
<u>Net book value</u>							
At 31 December	15,925	492,280	1,995	8,894	-	289,313	808,407

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17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company</u>	<u>Buildings And leasehold improvements RM'000</u>	<u>Motor vehicles, office and other production equipment RM'000</u>	<u>Information technology network equipment RM'000</u>	<u>Total RM'000</u>
<u>Cost</u>				
At 1 January 2025	411	282	63	756
Additions	21	-	-	21
Disposal	(381)	(61)	-	(442)
At 31 December 2025	<u>51</u>	<u>221</u>	<u>63</u>	<u>335</u>
<u>Accumulated depreciation</u>				
At 1 January 2025	411	272	63	746
Charge for the financial year	1	3	-	4
Disposal	(381)	(61)	-	(442)
At 31 December 2025	<u>31</u>	<u>214</u>	<u>63</u>	<u>308</u>
<u>Net book value</u>				
At 31 December 2025	<u>20</u>	<u>7</u>	<u>-</u>	<u>27</u>
<u>Cost</u>				
At 1 January 2024	411	271	63	745
Additions	-	11	-	11
At 31 December 2024	<u>411</u>	<u>282</u>	<u>63</u>	<u>756</u>
<u>Accumulated depreciation</u>				
At 1 January 2024	411	271	63	745
Charge for the financial year	-	1	-	1
At 31 December 2024	<u>411</u>	<u>272</u>	<u>63</u>	<u>746</u>
<u>Net book value</u>				
At 31 December 2024	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>

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17 **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

The Group's property, plant and equipment have been pledged as security for borrowings as disclosed in Note 31 to the financial statements.

In accordance with MFRS 136 'Impairment of assets', the recoverable amount of assets is the greater of its value in use and its fair value less costs to sell. During the financial year ended 31 December 2025, due to continued losses and revision of reserve volumes reported from an independent reserves engineer, the Group performed an assessment of the recoverability of its exploration and evaluation assets; its oil and gas properties; and its construction in progress. The recoverable amount was determined based on fair value less cost of disposal ("FVLCD"). The fair value measurement was calculated using the discounted cash flow method categorised under the Level 3 hierarchy.

Key assumptions used in determining the recoverable amount are as follows:

	<u>2025</u>	<u>2024</u>
Period of projection	2026 - 2036	2025 - 2036
Selling price for export sales	USD54 - USD79	USD70 - USD96
Selling price for domestic sales	USD30 - USD37	USD33 - USD40
Reserve volume	30.5 MMBbl	31.3 MMBbl
Inflation rate	3.6% - 6.4%	3.6% - 7.0%
Weighted average cost of capital	13.84%	13.46%
Capital expenditure	USD83.02 million over the projection period	USD110.1 million over the projection period

The Group determined that individual oil fields to be the CGUs in assessing impairment of its oil and gas properties and exploration and evaluation assets. Each oil field is capable of generating cash flows independent of other assets. The Group uses the period of subsoil use rights as the projection period.

The Group recorded an impairment of RM196.1 million in 2025, in contrast to a write-back of impairment amounting to RM32.1 million in 2024. The impairment in 2025 resulted from a shortfall between the carrying values of the assets and their FVLCD.

If the average oil price had been USD3.35/bbl lower than management's estimates, it would have resulted in an additional impairment of RM20.6 million (2024: RM48.8 million) to property, plant and equipment.

If the reserves volume had been 5% lower than management's estimates, it would have resulted in an additional impairment of RM31.3 million (2024: RM43.1 million) to property, plant and equipment.

If the estimated weighted average cost of capital used in determining the after-tax discount rate applied to the discounted cash flows had been 5% higher than management's estimates, it would have resulted in an additional impairment of RM14.9 million (2024: RM27.7 million) to property, plant and equipment.

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18 RIGHT OF USE OF ASSETS/LEASE LIABILITIES

(a) Right of use of assets

	<u>Group</u> RM'000	<u>Company</u> RM'000
<u>Buildings</u>		
<u>Cost</u>		
At 1 January 2025	6,041	1,234
Addition	78	78
Foreign translation effects	(333)	-
At 31 December 2025	<u>5,786</u>	<u>1,312</u>
<u>Accumulated depreciation</u>		
At 1 January 2025	2,835	1,118
Charge for the financial year	293	119
Foreign translation effects	18	-
At 31 December 2025	<u>3,146</u>	<u>1,237</u>
<u>Net book value</u>		
At 31 December 2025	<u>2,640</u>	<u>75</u>
<u>Cost</u>		
At 1 January 2024	6,456	1,234
Foreign translation effects	(415)	-
At 31 December 2024	<u>6,041</u>	<u>1,234</u>
<u>Accumulated depreciation</u>		
At 1 January 2024	2,401	945
Charge for the financial year	443	173
Foreign translation effects	(9)	-
At 31 December 2024	<u>2,835</u>	<u>1,118</u>
<u>Net book value</u>		
At 31 December 2024	<u>3,206</u>	<u>116</u>

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18 RIGHT OF USE OF ASSETS/LEASE LIABILITIES (CONTINUED)

(b) Lease liabilities

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current	(455)	(561)	(38)	(120)
Non-current	(1,198)	(1,588)	(38)	-
	(1,653)	(2,149)	(76)	(120)

As at 31 December 2025, the Group's and the Company's lease liabilities have remaining terms ranging from 1 to 12 years (2024: 2 to 13 years) and 1 year (2024: 1 year) respectively. The Group's and the Company's lease liabilities bore an effective interest rate of 15.43% per annum (2024: 15.43% per annum) and 5.64% per annum (2024: 5.64% per annum) respectively. There are no future cash flows attributable to extension and termination options which the Group is potentially exposed to that are not reflected in the lease liabilities.

19 INTANGIBLE ASSET

	Group	
	2025 RM'000	2024 RM'000
<u>Software</u>		
<u>Cost</u>		
At 1 January	8,022	6,176
Additions	68	2,051
Foreign translation effects	(744)	(205)
At 31 December	7,346	8,022
<u>Accumulated depreciation</u>		
At 1 January	2,297	2,134
Charge for the financial year	209	224
Foreign translation effects	(286)	(61)
At 31 December	2,220	2,297
<u>Net book value</u>		
At 1 January	5,725	4,042
At 31 December	5,126	5,725

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20 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Other receivables	877	2,119	41	130
Less: Loss allowance	-	-	-	-
	877	2,119	41	130
Prepayments	4,420	2,876	5	1
Value-added tax and other statutory receivables	9,102	14,728	-	-
	14,399	19,723	46	131
	14,399	19,723	46	131
Represent:				
Non-current	3,326	3,820	-	-
Current	11,073	15,903	46	131
	14,399	19,723	46	131
	14,399	19,723	46	131

Other receivables are denominated in the following currencies:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<u>Other receivables</u>				
United States Dollar ("USD")	6	137	46	130
Kazakhstani Tenge ("KZT")	14,393	1,982	-	-
	14,399	2,119	46	130
	14,399	2,119	46	130

Fair values of other receivables (excluding VAT receivables) approximate their carrying amounts.

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20 OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Movement in the Group's loss allowance for other receivables is as follows:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At 1 January	-	726
Decrease in loss allowance	-	(726)
	<u>          </u>	<u>          </u>
As at the end of the financial year	<u>          </u>	<u>          </u>

The following table contains an analysis of the credit risk exposure of other receivables for which an ECL allowance is recognised:

<u>Group</u>	<u>ECL</u>	<u>Basis for</u>	<u>Estimated</u>	<u>Loss</u>	<u>Carrying</u>
<u>Internal credit rating</u>	<u>rate</u>	<u>recognition</u>	<u>gross carrying</u>	<u>allowance</u>	<u>amount (net</u>
		<u>of ECL</u>	<u>amount at</u>	<u>RM'000</u>	<u>of ECL</u>
		<u>provision</u>	<u>default</u>	<u>RM'000</u>	<u>provision)</u>
			<u>RM'000</u>		<u>RM'000</u>
<u>2025</u>					
Stage 2	-	Lifetime ECL	877	-	877
			<u>          </u>	<u>          </u>	<u>          </u>
<u>2024</u>					
Stage 2	-	Lifetime ECL	2,119	-	2,119
			<u>          </u>	<u>          </u>	<u>          </u>

21 TRADE RECEIVABLES

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Trade receivables	1,732	2,007
Less: Loss allowance	(205)	(217)
	<u>          </u>	<u>          </u>
	<u>1,527</u>	<u>1,790</u>

All trade receivables are denominated in KZT.

The Group's trade receivables have credit terms of between 30 days to 60 days.

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21 TRADE RECEIVABLES (CONTINUED)

Aging analysis of trade receivables is as follows:

Group

	<u>Gross</u> RM'000	<u>ECL</u> <u>rate</u> %	<u>Collective</u> <u>impairment</u> RM'000	<u>Net</u> RM'000
<u>2025</u>				
Not past due	1,538	1	(11)	1,527
Past due 60 to 180 days	9	100	(9)	-
Past due more than 180 days	185	100	(185)	-
	<u>1,732</u>		<u>(205)</u>	<u>1,527</u>
<u>2024</u>				
Not past due	1,789	-	-	1,789
Past due 60 to 180 days	1	-	-	1
Past due more than 180 days	217	100	(217)	-
	<u>2,007</u>		<u>(217)</u>	<u>1,790</u>

Movement in the Group's loss allowance of trade receivables is as follows:

	<u>Group</u>	
	<u>2025</u> RM'000	<u>2024</u> RM'000
At 1 January	217	280
Decrease in loss allowance	(12)	(63)
At 31 December	<u>205</u>	<u>217</u>

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22 DEPOSITS, CASH AND BANK BALANCES

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
<u>Current</u>				
Deposits with licensed bank	100	150	100	150
Cash and bank balances	3,236	3,372	236	417
Less: Loss allowance	-	(8)	-	-
	<u>3,336</u>	<u>3,514</u>	<u>336</u>	<u>567</u>
<u>Non-current</u>				
Cash and bank balances	6,105	8,840	-	-
Less: Loss allowance	(105)	(152)	-	-
	<u>6,000*</u>	<u>8,688*</u>	<u>-</u>	<u>-</u>

\* Under the laws of Kazakhstan, the Group is required to set aside funds for environmental remediation relating to its operations. Management estimated that these amounts will be utilised in more than 12 months from the reporting date, and therefore, these amounts are classified as non-current.

The maturity of deposits with licensed banks in the previous financial year ranges from 7 to 30 days.

Movement in the Group's loss allowance for deposits, cash and bank balances is as follows:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At 1 January	160	219
Decrease in loss allowance	(55)	(59)
As at the end of the financial year	<u>105</u>	<u>160</u>

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22 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

The following table contains an analysis of the credit risk exposure of cash and bank balances for which an ECL allowance is recognised:

<u>Group</u>	<u>ECL</u>	<u>Basis for</u>	<u>Estimated</u>	<u>Loss</u>	<u>Carrying</u>
<u>Internal credit rating</u>	<u>rate</u>	<u>recognition</u>	<u>gross carrying</u>	<u>allowance</u>	<u>amount (net</u>
		<u>of ECL</u>	<u>amount at</u>	<u>RM'000</u>	<u>of ECL</u>
		<u>provision</u>	<u>default</u>	<u>RM'000</u>	<u>provision</u>
			<u>RM'000</u>		<u>RM'000</u>
<u>2025</u>					
Stage 1	1%	12-month ECL	9,441	(105)	9,336
<u>2024</u>					
Stage 1	1%	12-month ECL	12,362	(160)	12,202

Deposits, cash and bank balances are denominated in the following currencies:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
United States Dollar ("USD")	586	2,123	-	-
Kazakhstani Tenge ("KZT")	8,021	9,485	-	-
Malaysian Ringgit ("MYR")	729	594	336	567
	9,336	12,202	336	567

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23 RELATED PARTY BALANCES

Related parties and their relationships with the Company are as follows:

<u>Companies/Individual</u>	<u>Relationship</u>
Reach Energy Ventures Sdn Bhd ("REVSB")	Subsidiary
Palaeontol B.V. ("PBV")	Subsidiary
Super Racer Limited ("SRL")	Controlling shareholder (from 29 March 2023 onwards)
Mr. Cheung Siu Fai	Shareholder of SRL
Skyon Corporation Limited ("SCL")	Common shareholder as SRL
Emir-Oil Trading LLP ("EOT")	Joint venture

(a) Amounts due from subsidiaries

	<u>Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
<u>Non-current</u>		
Amounts due from subsidiaries	274,032	304,089
Less: Loss allowance	(170,102)	(91,490)
	<u>103,930</u>	<u>212,599</u>
<u>Current</u>		
Amounts due from subsidiaries	654	633
	<u>104,584</u>	<u>213,232</u>

Movement in the Company's loss allowance of amounts due from subsidiaries is as follows:

	<u>Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At 1 January	91,490	91,490
Increase in loss allowance	78,612	-
At 31 December	<u>170,102</u>	<u>91,490</u>

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23 RELATED PARTY BALANCES (CONTINUED)

(a) Amounts due from subsidiaries (Continued)

The Company's non-current amounts due from subsidiaries are denominated in USD and current amounts due from subsidiaries are denominated in Ringgit Malaysia. The amounts are unsecured and non-interest bearing.

The following table contains an analysis of the credit risk exposure of amounts due from subsidiaries for which an ECL allowance is recognised:

<u>Company</u>	<u>ECL</u>	<u>Basis for</u>	<u>Estimated</u>	<u>Loss</u>	<u>Carrying</u>
<u>Internal credit rating</u>	<u>rate</u>	<u>recognition</u>	<u>gross carrying</u>	<u>allowance</u>	<u>amount (net</u>
		<u>of ECL</u>	<u>amount at</u>	<u>RM'000</u>	<u>of ECL</u>
		<u>provision</u>	<u>default</u>	<u>RM'000</u>	<u>provision</u>
			<u>RM'000</u>		<u>RM'000</u>
<u>2025</u>					
Stage 2	62%	Lifetime ECL	274,686	(170,102)	104,584
			<u>          </u>	<u>          </u>	<u>          </u>
<u>2024</u>					
Stage 2	30%	Lifetime ECL	304,722	(91,490)	213,232
			<u>          </u>	<u>          </u>	<u>          </u>

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23 RELATED PARTY BALANCES (CONTINUED)

(b) Amounts due to related parties

The Group's amounts due to related parties are as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<u>Current</u>				
Amounts due to shareholder of SRL	393,361	5,870 <sup>(i)</sup>	-	-
	393,361	5,870	-	-
<u>Non-current</u>				
Amounts due to shareholder of SRL	199,094	597,920 <sup>(ii)</sup>	51,087	53,823 <sup>(ii)</sup>
Amount due to SRL	6,830	6,908 <sup>(iii)</sup>	6,830	6,908 <sup>(iii)</sup>
Amount due to SCL	31,223	32,882 <sup>(iv)</sup>	31,223	32,882 <sup>(iv)</sup>
	237,147	637,710	89,140	93,613

- (i) As at 31 December 2025, the amounts due to shareholder of SRL were unsecured, denominated in United States Dollar and with the following repayment and interests terms:

		Group		<u>Interest terms</u>	<u>Repayment terms</u>
<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>	<u>Current</u>		
RM'000	RM'000	RM'000	RM'000		
-	384,843	-	-	5% per annum	Due 2026
148,007	-	-	-	4.86% per annum	Due 2036
51,087	-	-	-	5% per annum	Repayable when the cash position of the Company is more than USD10 million at any point in time.
-	8,518	-	-	Interest free*	Repayable on demand
199,094	393,361	-	-		

\*Mainly comprises non-interest bearing balances, including amounts arising from payments made on behalf of related parties, which do not carry interest.

		Company		<u>Interest term</u>	<u>Repayment terms</u>
<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>	<u>Current</u>		
RM'000	RM'000	RM'000	RM'000		
51,087	-	-	-	5% per annum	Repayable when the cash position of the Company is more than USD10 million at any point in time.
51,087	-	-	-		

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23 RELATED PARTY BALANCES (CONTINUED)

(b) Amounts due to related parties (continued)

- (ii) As at 31 December 2024, the amounts due to shareholder of SRL were unsecured, denominated in United States Dollar and with the following repayment and interests terms:

<u>Non-current</u>	<u>Group</u>		
<u>RM'000</u>	<u>Current</u>	<u>Interest terms</u>	<u>Repayment terms</u>
	<u>RM'000</u>		
393,766	-	5% per annum	Due 2026
150,331	-	4.86% per annum	Due 2036
53,823	-	5% per annum	Repayable when the cash position of the Company is more than USD10 million at any point in time.
-	5,870	Interest free*	Repayable on demand
<u>597,920</u>	<u>5,870</u>		

\*Mainly comprises non-interest bearing balances, including amounts arising from payments made on behalf of related parties, which do not carry interest.

<u>Non-current</u>	<u>Company</u>		
<u>RM'000</u>	<u>Current</u>	<u>Interest term</u>	<u>Repayment terms</u>
	<u>RM'000</u>		
53,823	-	5% per annum	Repayable when the cash position of the Company is more than USD10 million at any point in time.
<u>53,823</u>	<u>-</u>		

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23 RELATED PARTY BALANCES (CONTINUED)

(b) Amounts due to related parties (continued)

(iii) The amount due to SRL is unsecured, denominated in United States Dollar and with the following repayment and interests terms:

<u>Group and Company</u>			
	<u>2025</u>		
<u>Non-current</u>	<u>Current</u>	<u>Interest terms</u>	<u>Repayment terms</u>
RM'000	RM'000		
6,830	-	Malaysia Overnight Rate	Due 2027

<u>Group and Company</u>			
	<u>2024</u>		
<u>Non-current</u>	<u>Current</u>	<u>Interest terms</u>	<u>Repayment terms</u>
RM'000	RM'000		
6,908	-	Malaysia Overnight Rate	Due 2026

(iv) The amount due to SCL as at 31 December 2025 is unsecured, denominated in United States Dollar and with the following repayment and interests terms:

<u>Group and Company</u>			
	<u>2025</u>		
<u>Non-current</u>	<u>Current</u>	<u>Interest term</u>	<u>Repayment term</u>
RM'000	RM'000		
31,223	-	5% per annum	Repayable when the cash position of the Company is more than USD10 million at any point in time.

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24 AMOUNT OWING TO JOINT VENTURE

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
<u>Current</u>		
Non-trade balance	1,615	-
	<u>1,615</u>	<u>-</u>

The amount owing is non-trade in nature, comprising unsecured, interest-free payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.

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25 SIGNIFICANT RELATED PARTY DISCLOSURES

Related party transactions of the Group and of the Company comprise mainly transactions between the Company and its subsidiaries, corporate shareholder and a corporate shareholder of a subsidiary.

Related parties and their relationship with the Group and the Company are disclosed in Note 23.

All related party transactions were carried out on agreed terms. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions:

Details of significant transactions arising during the financial year with the related companies are as follows:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
(i) Transactions with related parties		
Interest expenses on amount due to shareholder of SRL	45,999	48,203
Interest expenses on amount due to SRL	136	185
Interest expenses on amount due to SCL	1,456	1,261
	<u>          </u>	<u>          </u>
(ii) Transactions with joint venture		
Sales of crude oil to Emir-Oil Trading LLP	42,446	67,669
Financial assistance from Emir-Oil Trading LLP <sup>(1)</sup>	1,615	-
	<u>          </u>	<u>          </u>
<sup>(1)</sup> The amount received from Emir-Oil Trading LLP on 25 December 2025, represented temporary financial support for Emir-Oil and was fully repaid on 15 January 2026.		

	<u>Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
(iii) Transactions with subsidiaries		
Assignment of debt from amount due to a corporate shareholder of a subsidiary	-	4,397
	<u>          </u>	<u>          </u>

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26 SHARE CAPITAL

	<u>2025</u>		<u>2024</u>	
	<u>Number of shares '000</u>	<u>Amount RM'000</u>	<u>Number of shares '000</u>	<u>Amount RM'000</u>
Issued and fully paid:				
At 1 January	2,128,957	707,088	2,128,957	707,088
Issuance of new ordinary shares	-	-	-	-
At 31 December	<u>2,128,957</u>	<u>707,088</u>	<u>2,128,957</u>	<u>707,088</u>

27 OTHER RESERVES

	<u>Group</u>		<u>Company</u>	
	<u>2025 RM'000</u>	<u>2024 RM'000</u>	<u>2025 RM'000</u>	<u>2024 RM'000</u>
Foreign exchange reserve	<u>19,924</u>	<u>9,467</u>	<u>-</u>	<u>-</u>

The foreign exchange reserve arises from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Company's presentation currency.

28 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The analysis of deferred tax assets and deferred tax liabilities is as follows:

	<u>Group</u>	
	<u>2025 RM'000</u>	<u>2024 RM'000</u>
Deferred tax liabilities	<u>(8,168)</u>	<u>(18,346)</u>

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28 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movements during the financial year relating to deferred tax are as follows:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At 1 January	(18,346)	(4,925)
Foreign exchange translation	9,049	2,614
Credited/(charged) to loss (Note 13)		
- tax losses	2,044	(19,511)
- provisions	(607)	(1,060)
- lease liabilities	(56)	(185)
- property, plant and equipment	13	5,405
- intangible assets	(315)	(802)
- right of use of assets	50	118
	<u>1,129</u>	<u>(16,035)</u>
At 31 December	<u>(8,168)</u>	<u>(18,346)</u>
Deferred tax assets (before offsetting):		
- tax losses	73,461	78,810
- provisions	2,607	3,509
- lease liabilities	315	408
	<u>76,383</u>	<u>82,727</u>
Offsetting	<u>(76,383)</u>	<u>(82,727)</u>
Deferred tax assets (after offsetting)	<u>-</u>	<u>-</u>
	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Deferred tax liabilities (before offsetting):		
- property, plant and equipment	(80,152)	(96,779)
- intangible assets	(3,886)	(3,676)
- right of use of assets	(513)	(618)
	<u>(84,551)</u>	<u>(101,073)</u>
Offsetting	<u>76,383</u>	<u>82,727</u>
Deferred tax liabilities (after offsetting)	<u>(8,168)</u>	<u>(18,346)</u>

In accordance with the laws of Kazakhstan, unutilised tax losses arising from a year of assessment ("YA") are allowed to only be carried forward utilisation up to 10 consecutive YAs from that YA.

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28 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

As at 31 December 2025, the unused tax losses for which no deferred tax asset was recognised in the statements of financial position are as follows:

	<u>2025</u>	<u>Group</u> <u>2024</u>
	RM'000	RM'000
Unutilised tax losses	357,571	487,632
Other deductible temporary differences	46,633	-
	<u>404,204</u>	<u>487,632</u>

The unused tax losses for which no deferred tax asset was recognised in the statements of financial position will expire in the following financial years:

	<u>2025</u>	<u>Group</u> <u>2024</u>
	RM'000	RM'000
Expiring within 5 years	210,028	236,197
Expiring within 6 to 10 years	147,543	251,435
No expiring date	46,633	-
	<u>404,204</u>	<u>487,632</u>
Deferred tax assets not recognised	<u>80,841</u>	<u>97,526</u>

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29 TRADE PAYABLES

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Current	35,281	38,525
Non-current	1,485	15,199
	<u>36,766</u>	<u>53,724</u>

Non-current trade payable balances relate to purchases of plant and equipment which have repayment terms of between 1 to 3 years (2024: 1 to 3 years).

The carrying amounts of trade payables are denominated in the following currencies:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Kazakhstani Tenge ("KZT")	30,373	43,227
United States Dollar ("USD")	6,393	10,497
	<u>36,766</u>	<u>53,724</u>

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30 ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<u>Current</u>				
Contract liabilities (Note (a))	11,647	22,722	-	-
Withholding and other tax payable	5,626	8,902	-	-
Salary and welfare payable	1,965	1,641	166	-
Accruals and other payables	3,744	4,284	305	1,048
Total accruals and other payables	22,982	37,549	471	1,048

The Group's unsatisfied performance obligations as at 31 December 2025 are represented by contract liabilities.

(a) Movement of contract liabilities during the financial year are as follows:

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	22,722	25,877
Contract liabilities netted with revenue recognised during the financial year	11,647	22,722
Revenue recognised that was included in contract liabilities balance at the beginning of the financial year	(22,722)	(25,877)
At 31 December	11,647	22,722

Accruals and other payables are denominated in the following currencies:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
United States Dollar ("USD")	502	256	-	-
Kazakhstani Tenge ("KZT")	20,490	34,515	-	-
Malaysian Ringgit ("MYR")	1,990	2,778	471	1,048
	22,982	37,549	471	1,048

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31 BORROWINGS

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
<u>Secured</u>				
Current:				
Term loan from Ruima Group Limited (a)	8,481	8,923	8,481	8,923
Term loan from a bank (b)	12,081	13,410	-	-
	<u>20,562</u>	<u>22,333</u>	<u>8,481</u>	<u>8,923</u>

(a) The term loan principal of USD1.8 million (2024: USD1.8 million) carries an interest rate of 5% per annum with Ruima Group Limited. The term loan is repayable on 30 September 2025 (2024: 30 September 2024).

(b) The Group applied for a credit line facility with Freedom Bank Kazakhstan JSC on 29 July 2024 for the Group's operations. In November 2024, the aforesaid bank has granted the said credit line amounting to USD3.0 million and the facility has since been fully drawn.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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32 PROVISIONS

Group

	<u>Provision for Asset Retirement Obligation</u>		<u>Provision for claims</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current	-	839	8,610	11,867	8,610	12,706
Non-current	7,914	9,614	-	-	7,914	9,614
	<u>7,914</u>	<u>10,453</u>	<u>8,610</u>	<u>11,867</u>	<u>16,524</u>	<u>22,320</u>

Movements of provisions are as follows:

	<u>Provision for Asset Retirement Obligation</u>		<u>Provision for claims</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
At 1 January	10,453	10,707	11,867	11,774
Additional/(Reversal) during the financial year	(3,110)	(482)	(1,653)	10,832
Foreign exchange translation	(3,697)	56	(627)	(635)
Changes in estimates	2,353	(1,204)	-	-
Payment	-	-	(977)	(10,104)
Accretion of asset retirement obligations	1,915	1,376	-	-
At 31 December	<u>7,914</u>	<u>10,453</u>	<u>8,610</u>	<u>11,867</u>

33 COMMITMENTS

(i) Capital commitments for the purchase of property, plant and equipment:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Authorised but not contracted for	5,044	39,456
Contracted but not provided for	7,386	1,617
	<u>12,430</u>	<u>41,073</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

33 COMMITMENTS (CONTINUED)

(ii) According to the production contracts for four blocks in Kazakhstan, the Group is committed to perform minimum work programs during the life of the production contracts. Set out below is the commitment for the minimum work programs:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
<1 year	96,700	146,339
1-2 years	291,945	503,920
2-5 years	462,041	616,344
>5 years	3,555,234	3,671,069
	<u>4,405,920</u>	<u>4,937,672</u>

The minimum work program includes capital expenditure of RM523 million (2024: RM578 million) to be incurred over the life of the production contracts expiring in 2036. Other commitments represent mainly other direct operation and maintenance costs of wells and related facilities.

34 FINANCIAL INSTRUMENTS BY CATEGORY

The table below provides an analysis of financial instruments categorised as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at amortised costs</u>				
Trade receivables	1,527	1,790	-	-
Other receivables	877	2,119	41	130
Deposits, cash and bank balances	9,336	12,202	336	567
Amount due from subsidiaries	-	-	104,584	213,232
	<u>11,740</u>	<u>16,111</u>	<u>104,961</u>	<u>213,929</u>
<u>Financial liabilities at amortised costs</u>				
Trade payables	36,766	53,724	-	-
Accruals and other payables (excluding statutory liabilities and contract liabilities)	3,744	4,284	305	1,048
Amount due to related parties	630,508	643,580	89,140	93,613
Borrowings	20,562	22,333	8,481	8,923
	<u>691,580</u>	<u>723,921</u>	<u>97,926</u>	<u>103,584</u>

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**REACH ENERGY BERHAD**  
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**STATEMENT BY DIRECTORS PURSUANT TO  
SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Tse Man Yin and Tan Sri Dr. Azmil Khalili bin Dato' Khalid, two of the Directors of Reach Energy Berhad, hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 8 to 86 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and financial performance of the Group and of the Company for the financial year ended 31 December 2025 in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 29 May 2026.

TSE MAN YIN  
DIRECTOR

TAN SRI DR. AZMIL KHALILI BIN DATO' KHALID  
DIRECTOR

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**REACH ENERGY BERHAD**  
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**STATUTORY DECLARATION PURSUANT TO  
SECTION 251(1) OF THE COMPANIES ACT 2016**

I, Tse Man Yin, being the Director primarily responsible for the financial management of Reach Energy Berhad, do solemnly and sincerely declare that the financial statements set out on pages 8 to 86 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

TSE MAN YIN

Declared and subscribed before me by the abovenamed Tse Man Yin, holder of Passport No: H22182059 at Kuala Lumpur in Malaysia, on 29 May 2026.

SITI NURBAYA BINTI DATO' MOHD BISHARUDDIN (W738)  
COMMISSIONER FOR OATHS

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF REACH ENERGY BERHAD**

(Incorporated in Malaysia)  
Registration No. 201301004557 (1034400-D)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Adverse Opinion**

We were engaged to audit the financial statements of Reach Energy Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 8 to 86.

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not present fairly in all material respects, the financial position of the Group and of the Company as at 31 December 2025, and their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

**Basis for Adverse Opinion**

*Inappropriate Use of the Going Concern Basis of Accounting*

1. The financial statements have been prepared on a going concern basis, as disclosed in Note 3.1 to the financial statements. This basis of preparation assumes that the Group and the Company will continue in operational existence and be able to realise their assets and discharge their liabilities in the normal course of business. However, we noted the following conditions and events:
  - 1.1 The Group and the Company incurred losses after tax of RM296.7 million and RM188.6 million, respectively, for the financial year ended 31 December 2025, and as at that date, the Group's and the Company's current liabilities exceeded their current assets by RM466.1 million and RM8.0 million, respectively.
  - 1.2 The Group's total liabilities include significant amounts due to related parties, which are subject to contractual repayment terms and are, in substance, dependent on the continued financial support of the controlling shareholder.
2. Notwithstanding the above, the Directors have prepared the financial statements on a going concern basis primarily on the assumption that the Group and the Company will continue to receive financial support from their controlling shareholder. However, we have been informed that, as of the date of this report, there is no formal commitment from the controlling shareholder to provide further financial support to the Group and the Company.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF REACH ENERGY BERHAD (CONT'D)**

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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

**Basis for Adverse Opinion (Cont'd)**

*Inappropriate Use of the Going Concern Basis of Accounting (Cont'd)*

3. In the absence of committed and enforceable financial support arrangements, the Group and the Company do not have access to sufficient funding to meet their obligations as they fall due, and there are no realistic alternative sources of financing available.

Accordingly, the use of the going concern basis of accounting is not appropriate.

Had the financial statements been prepared on a basis other than going concern, adjustments would have been necessary to:

- 3.1 Write down assets to their recoverable amounts or liquidation values;
- 3.2 Provide for additional liabilities that may arise; and
- 3.3 Reclassify non-current assets and liabilities as current, and revise their measurement bases accordingly.

The effects of these adjustments have not been determined.

Because the impact of the inappropriate use of the going concern basis of accounting is material and pervasive to the financial statements, we have expressed an adverse opinion.

**Independence and Other Ethical Responsibilities**

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

**Responsibilities of the Directors for the financial statements**

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF REACH ENERGY BERHAD (CONT'D)**

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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the Group's and the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, and to issue an auditors' report. However, because of the matter described in the Basis for Adverse Opinion section of our report, we conclude that the financial statements contain material and pervasive misstatements arising from the inappropriate use of the going concern basis of accounting.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

**OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

**Chan Kuan Chee**  
02271/10/2027 J  
Chartered Accountant

Kuala Lumpur

29 May 2026